

GRAND COUNTY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

**GRAND COUNTY
BASIC FINANCIAL STATEMENTS
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INDEPENDENT AUDITORS' REPORT

Grand County Council
Grand County
Moab, Utah 84532

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Grand County, Utah (the County) as of and for the year ended December 31, 2004, which collectively comprise the County's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of Grand County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and those standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

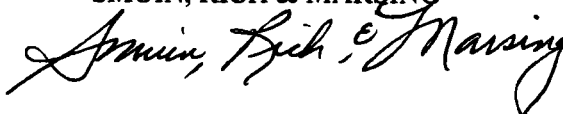
In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, Travel Council Fund and "B" Road Fund for the year then ended in conformity with accounting principals generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 through 9 is not a required part of the basic financial statements, but is supplementary information, required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2005, on our consideration of Grand County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Grand County's basic financial statements. The combining and individual fund and schedules listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the County. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governmental and Non-Profit Organizations, and is not a required part of the basic financial statements. These financial statements and schedules are also the responsibility of the management of the County. Such additional information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, when considered in relation to the basic financial statements taken as a whole.

SMUIN, RICH & MARSING

A handwritten signature in cursive script, reading "Armin Rich Marsing", written in dark ink.

Price, Utah

June 11, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

This Management's Discussion and Analysis (MD&A) of Grand County's financial performance is designed to assist readers in understanding the County's basic financial statements, the relationship of different types of statements, and the significant differences in the information they provide. The MD&A will identify changes in the County's ability to address the next and subsequent year's financial needs, based on currently known facts and is best understood if read in conjunction with Grand County's basic financial statements.

FINANCIAL HIGHLIGHTS AS OF THE CLOSE OF FY2004

- The government-wide assets of Grand County exceeded its liabilities by \$70,752,326 million reflecting a change in net assets from the prior period reducing the total by \$1,435,320. The cost of capital assets are allocated over their estimated useful lives and reported as depreciation expense. The County reported depreciation expense for FY2004 in the amount of \$3,049,920.
- The County's governmental funds reported combined ending fund balances of \$6,653,495 an increase of \$2,436,557 over the prior year. The increase in fund balance is due in part to the increase reflected in Capital Projects and Special Revenue Funds.
- Grand County had total overall governmental fund revenues and other financing sources of \$12,923,002, which exceeded total expenditures and transfers of \$10,482,978 by \$2,440,024.
- The County's government-wide long-term debt increased \$5,066,179 from FY2003. Construction of a new Grand County Senior Center, Emergency Operations Center and other property acquisitions affect the long-term debt increase.

OVERVIEW OF THE FINANCIAL STATEMENTS

Grand County's financial statements focus on both the County as a whole (government-wide), and on the major individual funds. "Funds" are resources segregated for the purposes of implementing specific activities in accordance with special regulations, restrictions, or limitations. Both government-wide and fund perspectives allow users to address relevant questions and understand changes in financial conditions. The structure of the financial statements is presented in the following pages of the MD&A.

The MD&A is intended to be an introduction to Grand County's basic financial statements. The basic financial statements are comprised of three components, including government-wide financial statements, fund financial statements, and notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed so that all governmental and business-type activities are reported in columns, which add to a total for the primary government. The Statement of Net Assets provides bottom line results of the County's activities as a whole and presents a longer-term view of the County's finances. The Statement of Net Assets and the Statement of Activities report information about Grand County and its activities to reflect the financial position. These two statements divide the County into three kinds of activities:

Government-Wide Financial Statements (Continued)

- **Governmental activities** – Most of the County's basic services and business-type activities including general administration are reported here. Property taxes, fees, and state and federal grants finance most of these activities.
- **Business-type activities** – The County charges fees to cover the cost of services provided to maintain facilities at the Sandflat recreation area and for the use of capital assets owned by the Municipal Building Authority. The Sandflat and Municipal Building Authority funds are reported here.
- **Component Units** – The County includes separate legal entities in its report – Grand County Solid Waste Special Service District, Grand County Special Service Water District, Grand County Recreation Special Service District and Grand County Hospital Service District. Although legally separate, these component units are important because Grand County is financially accountable for them.

Fund Financial Statements

Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes. The fund financial statements provide detailed information that focus on the most significant funds rather than the County as a whole. Major funds are separately reported to control and manage money and to show that legal responsibilities are met for certain taxes, grants and other designated funds. Grand County uses the following types of funds:

Governmental Funds – Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. Grand County has the following governmental funds – General, Special Revenue, Capital Projects and Debt Service. The services accounted for in the General Fund include general government, public safety, judicial, public health, highway and public improvements, recreation and economic development.

Proprietary Funds – Consist of enterprise funds and internal service funds and are used to account for operations that are financed and operated in a manner similar to private businesses. Grand County has two enterprise funds – Grand County Municipal Building Authority and Sand Flats Recreation Area.

Fiduciary Funds – Fiduciary funds are used to account for resources held by Grand County in a trustee capacity or as an agent for the benefit of other individuals, governmental units or other funds. Fiduciary funds are not reflected in the government-wide financial statements, as the resources of those funds are not available to support the County's activities.

FINANCIAL ANALYSIS OF GRAND COUNTY, UTAH: GOVERNMENT-WIDE FINANCIAL STATEMENTS

Comparative information for prior years as required by GASB 34 is provided below:

Net Assets

The County's assets exceeded its liabilities at the close of FY2004 by \$63,297,510. The largest segment of the County's net assets reflect its investment in capital assets (e.g., land, buildings, improvements, furniture, infrastructure), less any related outstanding debt used to acquire those assets. Capital Asset resources are not available for future spending and cannot be liquidated to pay off related liabilities. Resources needed to repay capital-related debt must be provided from other funding sources.

Restricted net assets amount to \$6,317,646 and represent resources that are subject to restrictions on how they may be used.

Table 1
Net Assets

	Governmental Activities 2003	Governmental Activities 2004	Business-Type Activities 2003	Business-Type Activities 2004
Current and other assets	\$ 4,300,049	\$ 6,861,285	\$ 305,727	\$ 2,784,216
Capital assets, net	<u>70,570,378</u>	<u>68,431,427</u>	<u>1,442,263</u>	<u>2,556,773</u>
Total assets	\$ 74,870,427	\$ 75,292,712	\$ 1,747,990	\$ 5,340,989
Long-term debt outstanding	\$ 3,148,636	\$ 5,568,455	\$ 836,518	\$ 3,487,201
Other liabilities	<u>353,233</u>	<u>429,146</u>	<u>92,384</u>	<u>396,573</u>
Total liabilities	\$ 3,501,869	\$ 5,997,601	\$ 928,902	\$ 3,883,774
Net assets:				
Investment in capital assets, net of debt	\$ 67,433,429	\$ 62,935,865	\$ 523,292	\$ (1,079,644)
Restricted for:				
Class "B" Road	923,961	762,468		
Capital Projects Fund	54,907	2,661,290		
Debt Service Fund	351,376	373,479	82,002	2,520,410
Unrestricted	<u>2,604,885</u>	<u>2,562,009</u>	<u>213,794</u>	<u>16,449</u>
Total net assets	\$ 71,368,558	\$ 69,295,111	\$ 819,088	\$ 1,457,215

Changes in Net Assets

Grand County's combined ending net assets total \$70,752,326 million, a decrease of \$1,435,320 over the prior year's ending net asset balances. The cost of capital assets are allocated over their estimated useful lives and reported as depreciation expense. The County reported depreciation expense over the past year of \$3,049,920. The following table summarizes the changes in Grand County's net assets:

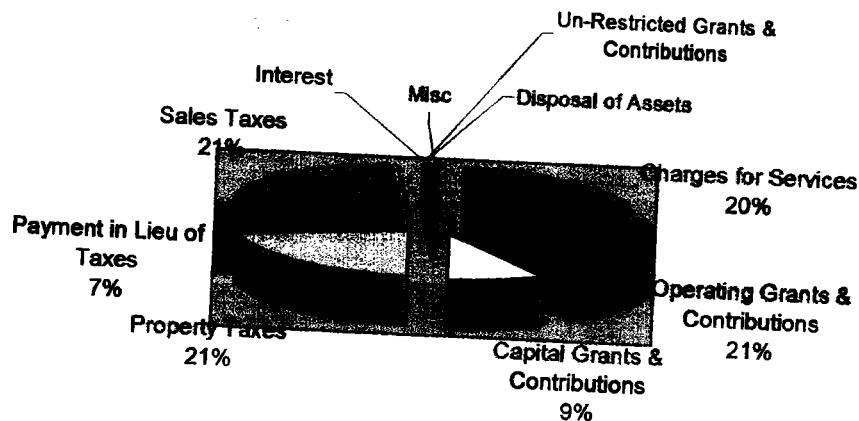
Table 2
Change in Net Assets

	Governmental Activities 2003	Governmental Activities 2004	Business-Type Activities 2003	Business-Type Activities 2004
Revenues				
Program Revenues:				
Charges for services	\$ 2,016,656	\$ 1,857,087	\$ 245,221	\$ 232,716
Operating grants and contributions	1,754,851	1,996,892		
Capital grants and contributions	956,462	841,377		
General Revenues:				
Property taxes	1,972,323	2,038,281		
Payment in lieu of taxes	622,831	640,349		
Sales taxes	1,775,006	1,947,594		
Gains/(loss) on disposal of assets	10,469			
Grants and contributions not restricted to specific programs			300,653	567,348
Interest	41,608	55,376	1,632	15,792
Miscellaneous	36,346	38,847		
Total revenues	\$ 9,186,552	\$ 9,415,803	\$ 547,506	\$ 815,856
Program expenses				
General government	\$ 2,323,459	\$ 2,130,156		
Public safety	2,655,506	2,870,400		
Public health	389,539	352,359		
Highways and public improvements	3,758,610	3,817,287		
Parks and recreation	634,969	1,029,010		
Conservation & econ. development	752,880	806,736		
Intergovernmental	65,455	302,643		
Interest on long-term debt	100,092	91,963		
Municipal Building Authority			\$ 52,001	\$ 67,971
Sandflat Recreation			233,225	199,851
Total expenses	\$ 10,680,510	\$ 11,400,554	\$ 285,226	\$ 267,822
Excess (deficiency) before transfers	\$ (1,493,958)	\$ (1,984,751)	\$ 262,280	\$ 548,034
Transfers	(212,553)	(90,093)	212,553	90,093
Change in net assets	\$ (1,706,511)	\$ (2,074,844)	\$ 474,833	\$ 638,127
Net assets - beginning	\$ 73,075,069	\$ 71,368,558	\$ 344,255	\$ 819,088
Net assets - ending	71,368,558	69,293,714	819,088	1,457,215
	\$ (1,706,511)	\$ (2,074,844)	\$ 474,833	\$ 638,127

Governmental Activities

Sources of revenues for the County's governmental activities are comprised of the items listed below and total \$9,415,803.

**Grand County Revenues by Source
Governmental Activities**

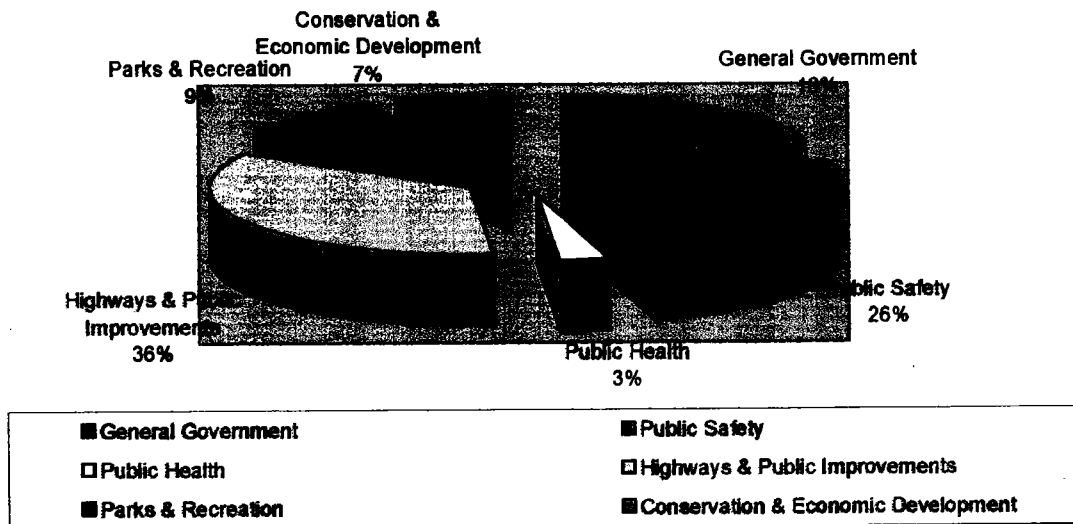


■ Charges for Services	■ Operating Grants & Contributions	□ Capital Grants & Contributions
□ Property Taxes	■ Payment in Lieu of Taxes	■ Sales Taxes
■ Disposal of Assets	■ Un-Restricted Grants & Contributions	■ Interest
■ Miscellaneous		

Taxes constitute the largest source of Grand County revenues. Property and sales tax combined represent 42% of the total revenue and signify an increase of \$238,546 from the previous reporting period.

The cost of all governmental activities for FY 2004 was \$11,668,376. The following chart represents expenses by the County's largest functions.

**Grand County
Expenses by Function**



Capital Asset and Debt Administration

Capital Assets

Grand County's investment in capital assets for all governmental activities as of December 31, 2004 amounted to \$70,988,200. Capital asset investments include land, buildings, improvements other than buildings and equipment. Roads, highways, bridges and work in progress are incorporated in the infrastructure, as summarized below:

**Table 4
Capital Assets at Year-end
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>
Land	\$ 2,407,845	\$ 2,381,355	\$ 633,387	\$ 813,515
Right of ways	4,863,194	4,863,194		
Buildings	5,331,965	5,215,261	710,903	1,258,785
Improvements other than buildings	4,820,846	4,549,350	62,456	57,445
Equipment	1,517,427	1,747,479	35,517	26,902
Infrastructure	51,586,319	49,571,504		
Work in progress	42,782	103,284		400,126
Total	<u>\$ 70,570,378</u>	<u>\$ 68,431,427</u>	<u>\$ 1,442,263</u>	<u>\$ 2,556,773</u>

Additional information on Grand County's capital assets can be found in the notes to the financial statements.

Long-term Debt

The Debt Service Fund accounts for resources obtained and used for the payment of principal and interest on long-term obligations and on general obligation bonds, which are funded from general governmental fund operations. The amount of general obligation debt a governmental entity may issue is limited to 2 percent of its total fair market value of taxable property. Grand County currently has general obligation debt of \$8,892,293. The following table is a summary of Grand County's gross outstanding long-term debt as of December 31, 2004

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>
Capital lease payables	\$ 160,392	\$ 137,587	\$ 181,626	\$ 21,518
Bond payable	<u>2,911,000</u>	<u>5,295,000</u>	<u>732,000</u>	<u>3,597,293</u>
Total	<u>\$ 3,071,392</u>	<u>\$ 5,432,587</u>	<u>\$ 913,626</u>	<u>\$ 3,618,811</u>

More detailed information about the County's long-term liabilities is available in the notes to the financial statements.

Business-type Activities

Enterprise Funds are used to report the functions presented as *business-type activities* shown in the above charts and in the government-wide statements. The activity of the Enterprise Fund experienced an increase in net assets due to construction of new facilities and acquisition of property. The fund financial statements provide more detail and additional information for the County's Enterprise Funds.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Grand County Council will consider a number of factors when setting the FY 2005 Budget including but not limited to the unemployment rate, increase/decrease in market values of property and certified tax rates. Construction plans to be considered for 2005 consist of the completion of the Grand County Library, Senior Center and Canyonlands Airport expansion projects.

Contacting the County's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and show accountability for the money it receives. If you have questions about this report or need additional financial information, contact Fran Townsend, Grand County Clerk/Auditor, 125 E. Center Street, Moab, Utah 84532.

**GRAND COUNTY
STATEMENT OF NET ASSETS
DECEMBER 31, 2004**

	PRIMARY GOVERNMENT			
	GOVERN- MENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,376,288	\$ 38,327	\$ 1,414,615	\$ 558,533
Investments, net	1,533,242	50,273	1,583,515	1,618,068
Prepaid expenses	22,548		22,548	24,098
Taxes receivable	476,512		476,512	38,601
Accounts receivable - net	63,274	93	63,367	3,137,188
Note receivable		143,000	143,000	
Other receivable				600
Promises to give, net of current portion				43,671
Internal balances	(841)	841		
Due from other governmental units	672,481		672,481	182,440
Inventory				279,589
Bond issuance costs, net	12,954	31,272	44,226	
Restricted cash	139,442		139,442	356,299
Restricted Investments	2,565,385	2,520,410	5,085,795	368,751
Other current assets				31,967
Capital assets (net of accumulated depreciation):				
Land	2,381,355	813,515	3,194,870	1,592,337
Rights of Way	4,863,194		4,863,194	
Buildings	5,215,261	1,258,785	6,474,046	2,356,797
Improvements other than buildings	4,549,350	57,445	4,606,795	1,036,222
Equipment	1,747,479	26,902	1,774,381	1,131,577
Infrastructure	49,571,504		49,571,504	1,783,055
Work in progress	103,284	400,126	503,410	137,295
Total assets	\$ 75,292,712	\$ 5,340,989	\$ 80,633,701	\$ 14,677,088
<u>LIABILITIES</u>				
Accounts payable	\$ 163,277	\$ 238,078	\$ 401,355	\$ 1,775,918
Accrued liabilities		9,279	9,279	823
Deferred revenue				24,098
Bond interest payable	63,175	17,606	80,781	49,577
Notes payable - Due within one year				631,713
G.O. and Revenue bonds payable - Due within one year	119,000	121,993	240,993	227,316
Capital leases payable - Due within one year	83,694	9,617	93,311	
Notes payable - Due in more than one year				723,158
G.O. and Revenue bonds payable - Due in more than one year	5,176,000	3,475,300	8,651,300	1,985,032
Capital leases payable - Due in more than one year	53,693	11,901	65,594	
Compensated absences	338,762		338,762	
Total liabilities	\$ 5,997,601	\$ 3,883,774	\$ 9,881,375	\$ 5,417,635

"The notes to the financial statements are an integral part of this statement."

GRAND COUNTY
STATEMENT OF NET ASSETS
DECEMBER 31, 2004

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERN- MENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL	
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	\$ 62,935,865	\$ (1,079,644)	\$ 61,856,221	\$ 4,420,487
Restricted for:				
Class "B" roads	762,468		762,468	
Capital improvements	2,661,290		2,661,290	819,068
Debt Service	373,479	2,520,410	2,893,889	698,099
Unrestricted	2,562,009	16,449	2,578,458	3,321,799
Total net assets	<u>\$ 69,295,111</u>	<u>\$ 1,457,215</u>	<u>\$ 70,752,326</u>	<u>\$ 9,259,453</u>

"The notes to the financial statements are an integral part of this statement."

GRAND COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004

Function/Programs	PROGRAM REVENUES			NET (EXPENSE) REVENUE & CHANGES IN NET ASSETS			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT			COMPONENTS UNITS
				CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
Primary government:							
Governmental activities:							
General government	\$ 2,130,156	\$ 746,483	\$ 112,683		\$ (1,270,990)	\$ (1,270,990)	
Public safety	2,870,400	790,973	221,367	\$ 421,088	(1,436,972)	(1,436,972)	
Public health	352,359	1,307	80,672	171,916	(98,464)	(98,464)	
Highways and public improvements	3,817,287	115,264	1,485,199		(2,216,824)	(2,216,824)	
Parks and recreation	1,029,010	70,917	70,285	248,373	(639,435)	(639,435)	
Conservation & economic development	806,736	132,143	26,686		(647,907)	(647,907)	
Intergovernmental	302,643				(302,643)	(302,643)	
Interest on long-term debt	91,963				(91,963)	(91,963)	
Total governmental activities	\$ 11,400,554	\$ 1,857,087	\$ 1,996,892	\$ 841,377	\$ (6,705,198)	\$ (6,705,198)	
Business-type activities:							
MBA	\$ 67,971					\$ (67,971)	
Sandilias	199,851	\$ 232,716				32,865	
Total business-type activities	\$ 267,822	\$ 232,716	\$...	\$...	\$ (35,106)	\$ (35,106)	
Total primary government	\$ 11,668,376	\$ 2,089,803	\$ 1,996,892	\$ 841,377	\$ (6,705,198)	\$ (6,740,304)	
Component Units:							
Solid Waste Special Service District	\$ 504,358	\$ 354,304				\$ (150,054)	
Grand County Special Service Water District	91,993					(91,993)	
Grand County Recreation Special Service District	481,453					(481,453)	
Grand County Hospital Special Service District	10,346,880	11,214,999		\$ 112,764		980,883	
Total component units	\$ 11,424,684	\$ 11,569,303	\$...	\$ 112,764	\$...	\$ 257,383	
General revenues:							
Property taxes				\$ 2,038,281		\$ 2,038,281	\$ 168,048
Payment in lieu of taxes				640,349		640,349	112,363
Sales taxes				1,947,594		1,947,594	926,560
Mineral lease revenue							
Grants and contributions not restricted to specific programs							
Unrestricted investment earnings				55,376		567,348	32,924
Gain/(Loss) on disposal of assets						15,792	4,021
Contribution from other governments							3,384
Miscellaneous				38,847		38,847	9,000
Transfers in (out)				(90,093)		90,093	
Total general revenues and transfers				\$ 4,630,354	\$ 673,233	\$ 5,303,587	\$ 1,256,300
Change in net assets							
Net assets - beginning				\$ (2,074,844)	\$ 638,127	\$ (1,436,717)	\$ 1,513,683
Prior period adjustment				71,368,558	819,088	72,187,646	7,745,770
Net assets - ending				\$ 69,295,111	\$ 1,457,215	\$ 70,752,326	\$ 9,259,453

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	GENERAL FUND	TRAVEL COUNCIL	"B" ROAD	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>					
Cash	\$ 539,468	\$ 38,614	\$ 144,246	\$ 708,523	\$ 1,430,851
Investments	406,130	257,803	260,175	609,134	1,533,242
Prepaid rent	22,548				22,548
Receivables (net):					
Taxes	272,827	79,111		124,574	476,512
Accounts	53,935	7,182			61,117
Due from other governments	230,950		361,296	80,235	672,481
Restricted cash				2,704,827	2,704,827
Total assets	\$ 1,525,858	\$ 382,710	\$ 765,717	\$ 4,227,293	\$ 6,901,578
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Cash deficit				\$ 84,806	\$ 84,806
Accounts payable	\$ 116,631	\$ 6,875	\$ 3,249	36,522	163,277
Total liabilities	\$ 116,631	\$ 6,875	\$ 3,249	\$ 121,328	\$ 248,083
Fund balances:					
Reserved for:					
Debt service				\$ 373,479	\$ 373,479
Capital projects				2,661,290	2,661,290
Special revenue funds		\$ 375,835	\$ 762,468	1,071,196	2,209,499
Unreserved, reported in:					
General fund	\$ 1,409,227				1,409,227
Total fund balances	\$ 1,409,227	\$ 375,835	\$ 762,468	\$ 4,105,965	\$ 6,653,495
Total liabilities and fund balances	\$ 1,525,858	\$ 382,710	\$ 765,717	\$ 4,227,293	\$ 6,901,578

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
DECEMBER 31, 2004**

Total fund balances - governmental fund types: \$ 6,653,495

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. These assets consist of: 68,431,427

Land	\$ 2,381,355
Rights of Way	4,863,194
Buildings	5,215,261
Improvements other than buildings	4,549,350
Equipment	1,747,479
Infrastructure	49,571,504
Work in progress	103,284
	<hr/>
Total	\$ 68,431,427

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (5,821,370)

Bonds interest payable	\$ (63,175)
Bond issuance costs, net	12,954
Revenue bonds payable - Current portion	(119,000)
Revenue bonds payable - One year	(5,176,000)
Capital leases payable - Due within one year	(83,694)
Capital leases payable - Due in more than one year	(53,693)
Compensated absences	(338,762)
	<hr/>
Total	\$ (5,821,370)

Internal service funds are used by management to charge the costs of various insurance to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets.

31,559

Net assets of government activities \$ 69,295,111

"The notes to the financial statements are an integral part of this statement."

GRAND COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	GENERAL FUND	TRAVEL COUNCIL	"B" ROAD	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Taxes	\$ 2,287,424	\$ 862,414		\$ 836,037	\$ 3,985,875
Licenses and permits	139,746				139,746
Intergovernmental revenues	1,779,926		\$ 1,454,849	243,843	3,478,618
Charges for services	326,678		115,264	559,844	1,001,786
Fines and forfeitures	462,604				462,604
Interest income	15,524	2,766	11,899	25,187	55,376
Miscellaneous	258,741		390	32,667	291,798
Total revenues	\$ 5,270,643	\$ 865,180	\$ 1,582,402	\$ 1,697,578	\$ 9,415,803
EXPENDITURES:					
Current:					
General government	\$ 2,022,677			\$ 2,434	\$ 2,025,111
Public safety	2,597,601			573,807	3,171,408
Highways and public improvements	58,629		\$ 1,722,895		1,781,524
Public health	252,648			77,181	329,829
Parks, recreation, and public property	341,812			374,464	716,276
Conservation and economic development	50,499	\$ 555,146		198,324	803,969
Intergovernmental	232,311				232,311
Capital outlay				91,908	91,908
Debt service:					
Principal retirement	108,195			164,998	273,193
Interest and fiscal charges	5,835			88,510	94,345
Total expenditures	\$ 5,670,207	\$ 555,146	\$ 1,722,895	\$ 1,571,626	\$ 9,519,874
Excess revenues over (under) expenditures	\$ (399,564)	\$ 310,034	\$ (140,493)	\$ 125,952	\$ (104,071)
OTHER FINANCING SOURCES (USES):					
Transfers in	\$ 375,417	\$ 50,000	\$ 15,000	\$ 432,594	\$ 873,011
Transfers out	(80,399)	(308,586)	(36,000)	(538,119)	(963,104)
Bond proceeds				2,500,000	2,500,000
Capital lease financing	64,188			70,000	134,188
Total other financing sources (uses)	\$ 359,206	\$ (258,586)	\$ (21,000)	\$ 2,464,475	\$ 2,544,095
Excess of revenues and other sources over (under) expenditures and other uses	\$ (40,358)	\$ 51,448	\$ (161,493)	\$ 2,590,427	\$ 2,440,024
FUND BALANCES - beginning of year	1,449,585	324,387	923,961	1,519,005	4,216,938
Prior period adjustments				(3,467)	(3,467)
FUND BALANCES - end of year	\$ 1,409,227	\$ 375,835	\$ 762,468	\$ 4,105,965	\$ 6,653,495

"The notes to the financial statements are an integral part of this statement."

GRAND COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds \$ 2,440,024

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

General government	\$	62,399	
Public safety		565,431	
Highways		193,682	
Parks and recreation		36,108	
Capital outlay		75,712	
 Total assets shown as expenditures	 \$	 933,332	
Less: depreciation		(3,006,815)	
 Difference between expenditure and depreciation			(2,073,483)

Expenditures in the statement of activities that do not consume financial resources are not reported as expenditures in the funds.

Decrease in accrued interest payable 2,382

The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of payment of principal on long-term obligation and issuance of debt (e.g., bonds, leases, and issuance of capital lease financing).

Issuance of capital lease	\$	(134,188)	
Issuance of bonds		(2,500,000)	
Bond issuance costs, net		12,954	
Retirement of long-term debt		273,193	
 Net long-term debt			(2,348,041)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences		(33,977)	
Contribution of capital assets to other agencies		(70,332)	

The net revenue (loss) of certain activities of internal service funds is reported with governmental activities.		8,583	
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Change in net assets of governmental activities	\$	(2,074,844)	
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"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004**

	BUDGET AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUES				
Taxes				
General property taxes - current year	\$ 1,218,131	\$ 1,218,131	\$ 1,308,008	\$ 89,877
General property taxes - prior years	80,000	80,000	78,048	(1,952)
Penalties and interest on delinquent taxes	73,000	73,000	54,777	(18,223)
General sales and aviation tax	1,495,373	800,098	846,591	46,493
Total taxes	\$ 2,866,504	\$ 2,171,229	\$ 2,287,424	\$ 116,195
Licenses and permits:				
Business licenses and permits	\$ 102,400	\$ 116,400	\$ 118,474	\$ 2,074
Non-business licenses and permits	11,300	20,300	21,272	972
Total licenses and permits	\$ 113,700	\$ 136,700	\$ 139,746	\$ 3,046
Intergovernmental:				
Federal	\$ 988,830	\$ 1,372,470	\$ 1,216,524	\$ (155,946)
State	205,998	226,881	308,484	81,603
Other	139,696	259,773	254,918	(4,855)
Total intergovernmental	\$ 1,334,524	\$ 1,859,124	\$ 1,779,926	\$ (79,198)
Charges for services:				
Departmental fees	\$ 196,690	\$ 87,875	\$ 90,413	\$ 2,538
Inmate fees	363,500	332,500	224,596	(107,904)
Other fees	19,200	14,400	11,669	(2,731)
Total charges for services	\$ 579,390	\$ 434,775	\$ 326,678	\$ (108,097)
Fines and forfeitures	\$ 545,000	\$ 565,000	\$ 462,604	\$ (102,396)
Miscellaneous:				
Investment earnings	\$ 14,000	\$ 14,000	\$ 15,524	\$ 1,524
Rents and concessions	229,824	237,624	252,951	15,327
Sale of material, supplies and equipment	14,200	10,700	767	(9,933)
Other		4,000	5,023	1,023
Total miscellaneous	\$ 258,024	\$ 266,324	\$ 274,265	\$ 7,941
Total Revenues	\$ 5,697,142	\$ 5,433,152	\$ 5,270,643	\$ (162,509)

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
				<u>FAVORABLE</u>
				<u>(UNFAVORABLE)</u>
EXPENDITURES				
Current:				
General government:				
County Council	\$ 82,369	\$ 82,369	\$ 76,875	\$ 5,494
Justice court	192,244	192,244	184,570	7,674
Public defender	86,855	91,855	85,705	6,150
Personnel/Administrator	113,380	115,780	112,814	2,966
Clerk/Auditor	208,030	211,230	205,868	5,362
Treasurer	102,093	102,093	100,437	1,656
Recorder	181,826	181,826	160,326	21,500
Attorney	230,121	233,121	229,643	3,478
Assessor	198,783	198,783	192,088	6,695
Non-Departmental	196,088	201,088	190,505	10,583
Data processing	10,000	10,000	5,239	4,761
Elections	31,750	31,750	24,926	6,824
Planning and zoning	133,144	133,144	90,820	42,324
Surveyor	29,530	29,530	28,949	581
Building and grounds	319,919	368,999	333,912	35,087
Total general government	\$ 2,116,132	\$ 2,183,812	\$ 2,022,677	\$ 161,135
Public safety:				
Sheriff	\$ 1,475,881	\$ 1,475,881	\$ 1,065,764	\$ 410,117
Jail	898,057	915,314	907,461	7,853
Liquor law enforcement		14,700	14,700	
State prisoner reimbursements		5,800	2,384	3,416
Fire control	33,400	33,400	21,144	12,256
Thompson fire	105,458	105,458	2,558	102,900
Building inspector	120,082	120,082	120,017	65
Weed control	63,212	76,012	77,007	(995)
Animal control	19,075	19,075	12,599	6,476
Weapons of mass destruction		343,000	344,114	(1,114)
Fema & Cert	21,900	6,000	4,617	1,383
Emergency management	146,562	25,900	25,236	664
Total public safety	\$ 2,883,627	\$ 3,140,622	\$ 2,597,601	\$ 543,021
Public health:				
Public health	\$ 82,542	\$ 82,542	\$ 82,541	\$ 1
Senior citizens	171,211	176,901	170,107	6,794
Total public health	\$ 253,753	\$ 259,443	\$ 252,648	\$ 6,795

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004**

	BUDGET AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
Highways and public improvements:				
County roads	\$ 46,673	\$ 34,956	\$ 34,563	\$ 393
Airport security	38,065	38,065	24,066	13,999
Total highways and public improvements	\$ 84,738	\$ 73,021	\$ 58,629	\$ 14,392
Parks, recreation, and public property:				
Lions Park	\$ 4,000	\$ 4,000	\$ 3,623	\$ 377
Spanish Trail Arena	127,688	141,479	140,025	1,454
Museum	52,783	52,783	50,190	2,593
Airport	69,350	69,350	57,210	12,140
Air service	149,128	149,128	47,327	101,801
Community Center	44,614	44,614	43,437	1,177
Total parks, recreation & public prop.	\$ 447,563	\$ 461,354	\$ 341,812	\$ 119,542
Conservation and Economic Development:				
Agriculture and extension services	\$ 33,780	\$ 35,410	\$ 34,311	\$ 1,099
Atlas tailings	22,145	22,145	1,480	20,665
GPS & GIS mapping	25,912	25,912	14,708	11,204
CDBG grants	72,110			
Total conservation and economic development	\$ 153,947	\$ 83,467	\$ 50,499	\$ 32,968
Debt service:				
Principal retirement		\$ 108,195	\$ 108,195	
Interest and fiscal charges		11,480	5,835	\$ 5,645
Total debt service	\$...	\$ 119,675	\$ 114,030	\$ 5,645
Intergovernmental:				
Contributions to other governments	\$ 139,870	\$ 238,930	\$ 232,311	\$ 6,619
Total intergovernmental	\$ 139,870	\$ 238,930	\$ 232,311	\$ 6,619
Total expenditures	\$ 6,079,630	\$ 6,560,324	\$ 5,670,207	\$ 890,117
Excess of revenue over (under) expenditures	\$ (382,488)	\$ (1,127,172)	\$ (399,564)	\$ 727,608
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 430,274	\$ 395,079	\$ 375,417	\$ (19,662)
Transfers out	(760,431)	(80,091)	(80,399)	(308)
Capital lease financing	461,918	461,918	64,188	(397,730)
Total other financing sources (uses)	\$ 131,761	\$ 776,906	\$ 359,206	\$ (417,700)

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Excess of revenues and other sources over (under) expenditures and other uses	\$ (250,727)	\$ (350,266)	\$ (40,358)	\$ 309,908
Fund balances - beginning of year	916,917	916,917	1,449,585	532,668
Fund balances - end of year	<u>\$ 666,190</u>	<u>\$ 566,651</u>	<u>\$ 1,409,227</u>	<u>\$ 842,576</u>

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY
TRAVEL COUNCIL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004**

	BUDGET AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUES				
Taxes				
Transient room tax		\$ 837,775	\$ 862,414	\$ 24,639
Total Intergovernmental	\$	\$ 837,775	\$ 862,414	\$ 24,639
Charges for services				
Charges for services		\$ 8,550		\$ (8,550)
Total Charges for services	\$	\$ 8,550	\$	\$ (8,550)
Miscellaneous				
Investment earnings	\$ 16,050	\$ 3,000	\$ 2,766	\$ (234)
Total miscellaneous	\$ 16,050	\$ 3,000	\$ 2,766	\$ (234)
Total Revenues	\$ 16,050	\$ 849,325	\$ 865,180	\$ 15,855
EXPENDITURES				
Current:				
Conservation & Economic Development				
Administration				
Salaries and benefits	\$ 141,335	\$ 151,335	\$ 150,621	\$ 714
Contributions to other agencies	14,500	14,500	14,500	
Other general and administrative expenditures	24,670	24,670	20,383	4,287
National Promotion				
Advertising	265,301	265,301	222,023	43,278
Postage	35,000	35,000	30,592	4,408
Other promotional expenditures	107,725	239,725	117,027	122,698
Total current expenditures	\$ 588,531	\$ 730,531	\$ 555,146	\$ 175,385
Total expenditures	\$ 588,531	\$ 730,531	\$ 555,146	\$ 175,385
Excess of revenue over (under) expenditures	\$ (572,481)	\$ 118,794	\$ 310,034	\$ 191,240
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 745,275	\$ 50,000	\$ 50,000	
Transfers out	(256,758)	(302,758)	(308,586)	\$ 5,828
Total other financing sources (uses)	\$ 488,517	\$ (252,758)	\$ (258,586)	\$ 5,828
Excess of revenue and other sources over (under) expenditures and other uses	\$ (83,964)	\$ (133,964)	\$ 51,448	\$ 197,068
Fund balances - beginning of year	254,153	302,953	324,387	14,524
Fund balances - end of year	\$ 170,189	\$ 168,989	\$ 375,835	\$ 211,592

The notes to the financial statements are an integral part of this statement.

GRAND COUNTY
"B" ROAD FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
				<u>FAVORABLE</u>
				<u>(UNFAVORABLE)</u>
REVENUES				
Intergovernmental Revenues				
Intergovernmental revenues	\$ 1,462,813	\$ 1,462,813	\$ 1,454,849	\$ (7,964)
Total Intergovernmental	\$ 1,462,813	\$ 1,462,813	\$ 1,454,849	\$ (7,964)
Charges for Services				
Charges for services	\$ 83,000	\$ 83,000	\$ 115,264	\$ 32,264
Total charges for services	\$ 83,000	\$ 83,000	\$ 115,264	\$ 32,264
Miscellaneous				
Investment earnings	\$ 8,000	\$ 8,000	\$ 11,899	\$ 3,899
Other		324,165	390	(323,775)
Total miscellaneous	\$ 8,000	\$ 332,165	\$ 12,289	\$ (319,876)
Total Revenues	\$ 1,553,813	\$ 1,877,978	\$ 1,582,402	\$ (295,576)
EXPENDITURES				
Current:				
Highways and public improvements				
Salaries and benefits	\$ 1,054,807	\$ 1,054,807	\$ 1,003,796	\$ 51,011
Supplies	11,300	11,300	10,074	1,226
Utilities	20,000	20,000	19,047	953
Repairs and maintenance	335,000	335,000	334,335	665
Professional services	25,000	25,000	21,809	3,191
Services	25,000	25,000	16,619	8,381
Highway projects	197,871	197,871	132,172	65,699
Capital improvements	188,000	188,000	185,043	2,957
Total highways and public improvements	\$ 1,856,978	\$ 1,856,978	\$ 1,722,895	\$ 134,083
Total expenditures	\$ 1,856,978	\$ 1,856,978	\$ 1,722,895	\$ 134,083
Excess of revenue over (under) expenditures	\$ (303,165)	\$ 21,000	\$ (140,493)	\$ (161,493)

"The notes to the financial statements are an integral part of this statement."

GRAND COUNTY
"B" ROAD FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
				<u>FAVORABLE</u>
				<u>(UNFAVORABLE)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 15,000	\$ 15,000	\$ 15,000	
Transfers out	(36,000)	(36,000)	(36,000)	
Total other financing sources (uses)	\$ (21,000)	\$ (21,000)	\$ (21,000)	\$...
Excess of revenue and other sources over (under) expenditures and other uses	\$ (324,165)		\$ (161,493)	\$ (161,493)
Fund balances - beginning of year	548,969	\$ 548,969	923,961	374,992
Fund balances - end of year	\$ 224,804	\$ 548,969	\$ 762,468	\$ 213,499

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2004**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	MUNICIPAL BUILDING AUTHORITY	NONMAJOR FUNDS SANDFLAT	TOTAL BTAs	INTERNAL SERVICE FUND
<u>ASSETS</u>				
Current assets:				
Cash	\$ 1,843	\$ 36,484	\$ 38,327	\$ 30,243
Investments		50,273	50,273	
Receivables - net				
Accounts		93	93	2,157
Note	7,000		7,000	
Restricted investments	2,520,410		2,520,410	
Total current assets	<u>\$ 2,529,253</u>	<u>\$ 86,850</u>	<u>\$ 2,616,103</u>	<u>\$ 32,400</u>
Noncurrent assets:				
Receivables - net				
Note	\$ 136,000		\$ 136,000	
Bond issuance costs, net	31,272		31,272	
Land	813,515		813,515	
Work in progress	400,126		400,126	
Buildings	1,462,973		1,462,973	
Improvements other than buildings		\$ 99,963	99,963	
Furniture, fixtures and equipment		58,477	58,477	
Accumulated depreciation	(204,188)	(74,093)	(278,281)	
Total noncurrent assets	<u>\$ 2,639,698</u>	<u>\$ 84,347</u>	<u>\$ 2,724,045</u>	<u>\$...</u>
Total assets	<u>\$ 5,168,951</u>	<u>\$ 171,197</u>	<u>\$ 5,340,148</u>	<u>\$ 32,400</u>

"The notes to the financial statements are an integral part of this statement."

GRAND COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2004

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	MUNICIPAL BUILDING AUTHORITY	NONMAJOR FUNDS SANDFLAT	TOTAL BTAs	INTERNAL SERVICE FUND
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	\$ 237,099	\$ 979	\$ 238,078	
Bond interest payable	17,606		17,606	
Accrued wages and benefits		9,279	9,279	
Current portion - lease payable		9,617	9,617	
Current portion - revenue bonds	121,993		121,993	
Total current liabilities	<u>\$ 376,698</u>	<u>\$ 19,875</u>	<u>\$ 396,573</u>	<u>\$...</u>
Noncurrent liabilities:				
Capital lease		\$ 11,901	\$ 11,901	
Revenue bonds payable	<u>\$ 3,475,300</u>		<u>3,475,300</u>	
Total noncurrent liabilities	<u>\$ 3,475,300</u>	<u>\$ 11,901</u>	<u>\$ 3,487,201</u>	<u>\$...</u>
Total liabilities	<u>\$ 3,851,998</u>	<u>\$ 31,776</u>	<u>\$ 3,883,774</u>	<u>\$...</u>
Net Assets:				
Invested in capital assets, net of related debt	\$ (1,142,473)	\$ 62,829	\$ (1,079,644)	
Restricted	2,520,410		2,520,410	
Unrestricted	<u>(60,984)</u>	<u>76,592</u>	<u>15,608</u>	<u>\$ 32,400</u>
Total net assets	<u>\$ 1,316,953</u>	<u>\$ 139,421</u>	<u>\$ 1,456,374</u>	<u>\$ 32,400</u>
Adjustment to reflect the consolidation of ISF activities related to enterprise funds			<u>841</u>	
Net assets of business-type activities			<u>\$ 1,457,215</u>	

"The notes to the financial statements are an integral part of this statement."

GRAND COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	BUSINESS-TYPE ACTIVITIES - ENTERPRISES FUNDS			
	MUNICIPAL BUILDING AUTHORITY	NONMAJOR FUNDS	TOTAL BTAs	INTERNAL SERVICE FUND
Operating revenues:				
Charges for sales and services		\$ 232,716	\$ 232,716	\$ 968,960
Total operating revenues	\$...	\$ 232,716	\$ 232,716	\$ 968,960
Operating expenses:				
Employee salaries and benefits		\$ 119,655	\$ 119,655	
Office supplies		1,386	1,386	
Other supplies and services		16,452	16,452	
Contractual services		16,464	16,464	\$ 960,194
Utilities		3,231	3,231	
Repairs and maintenance		6,956	6,956	
Depreciation	\$ 29,477	13,627	43,104	
Amortization	1,585		1,585	
Trust land fees		6,809	6,809	
Miscellaneous		607	607	
Travel		106	106	
Seminars		1,204	1,204	
Dump fees		3,693	3,693	
Total operating expenses	\$ 31,062	\$ 190,190	\$ 221,252	\$ 960,194
Operating income (loss)	\$ (31,062)	\$ 42,526	\$ 11,464	\$ 8,766
Nonoperating revenues (expenses):				
Interest revenue	\$ 15,437	\$ 355	\$ 15,792	
Interest expense and administrative fees	(36,909)	(1,444)	(38,353)	
Contribution from other governments	563,771	3,577	567,348	
Contribution to other governments		(8,400)	(8,400)	
Total nonoperating revenues (expenses)	\$ 542,299	\$ (5,912)	\$ 536,387	\$...
Income (loss) before contributions and transfers	\$ 511,237	\$ 36,614	\$ 547,851	\$ 8,766
Transfers In (Out):				
Transfers in	\$ 100,093		\$ 100,093	
Transfers out		\$ (10,000)	(10,000)	
Total transfers in (out)	\$ 100,093	\$ (10,000)	\$ 90,093	\$...

"The notes to the financial statements are an integral part of this statement."

GRAND COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	BUSINESS-TYPE ACTIVITIES - ENTERPRISES FUNDS			INTERNAL SERVICE FUND
	MUNICIPAL BUILDING AUTHORITY	NONMAJOR FUNDS	TOTAL BTAs	
Change in net assets	\$ 611,330	\$ 26,614	\$ 637,944	\$ 8,766
Total net assets - beginning	<u>705,623</u>	<u>112,807</u>		<u>23,634</u>
Total net assets - ending	<u>\$ 1,316,953</u>	<u>\$ 139,421</u>		<u>\$ 32,400</u>
Adjustment to reflect the consolidation of ISF activities related to enterprise funds			<u>183</u>	
Changes in net assets of business-type activities			<u>\$ 638,127</u>	

"The notes to the financial statements are an integral part of this statement."

GRAND COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS AND INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			INTERNAL SERVICE FUNDS
	MUNICIPAL BUILDING AUTHORITY	NON- MAJOR FUNDS	TOTAL BTA's	
Cash Flows From Operating Activities:				
Receipts from customers	\$ 7,000	\$ 233,017	\$ 240,017	\$ 969,467
Payments to suppliers	237,099	(57,581)	179,518	(983,692)
Payments to employees		(118,655)	(118,655)	
Net cash provided (used) by operating activities	\$ 244,099	\$ 56,781	\$ 300,880	\$ (14,225)
Cash Flows From Noncapital Financing Activities:				
Contribution from other governments	\$ 563,771	\$ 3,577	\$ 567,348	
Contribution to other governments		(8,400)	(8,400)	
Transfers from other funds	100,093		100,093	
Transfers to other funds		(10,000)	(10,000)	
Net cash provided (used) by noncapital financing activities	\$ 663,864	\$ (14,823)	\$ 649,041	\$...
Cash Flows From Capital and Related Financing Activities:				
Purchase of capital assets	\$ (1,178,210)		\$ (1,178,210)	
Principal paid on capital debt	(68,000)	\$ (10,108)	(78,108)	
Bond proceeds	2,783,293		2,783,293	
Interest paid on capital debt	(36,909)	(1,444)	(38,353)	
Net cash provided (used) by capital and related financing activities	\$ 1,500,174	\$ (11,552)	\$ 1,488,622	\$...
Cash Flows From Investing Activities:				
Interest and dividends received	\$ 15,437	\$ 355	\$ 15,792	
Net cash provided (used) by investing activities	\$ 15,437	\$ 355	\$ 15,792	\$...
Net increase (decrease) in cash and cash equivalents	\$ 2,423,574	\$ 30,761	\$ 2,454,335	\$ (14,225)
Cash and cash equivalents, January 1	98,679	55,996	154,675	44,468
Cash and cash equivalents, December 31	\$ 2,522,253	\$ 86,757	\$ 2,609,010	\$ 30,243

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS AND INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			INTERNAL SERVICE FUNDS
	MUNICIPAL BUILDING AUTHORITY	NON- MAJOR FUNDS	TOTAL BTA's	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (31,062)	\$ 42,526	\$ 11,464	\$ 8,766
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	\$ 29,477	\$ 13,627	\$ 43,104	
Bond amortization expense	1,585		1,585	
(Increase) Decrease in accounts receivable	7,000	301	7,301	\$ 507
Increase (Decrease) in accounts payable	237,099	327	237,426	(21,024)
Increase (Decrease) in accrued liabilities				(2,474)
Total adjustments	\$ 275,161	\$ 14,255	\$ 289,416	\$ (22,991)
Net cash provided (used) by operating activities	\$ 244,099	\$ 56,781	\$ 300,880	\$ (14,225)

"The notes to the financial statements are an integral part of this statement."

GRAND COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2004

	<u>AGENCY FUNDS</u>
 <u>ASSETS</u>	
Cash	\$ 278,934
Receivables (net):	
Taxes	76,069
Investments	<u>1,134,055</u>
 Total assets	 <u><u>\$ 1,489,058</u></u>
 <u>LIABILITIES</u>	
Due governments and organizations	\$ 54,000
Due taxing units	<u>1,435,058</u>
 Total liabilities	 <u><u>\$ 1,489,058</u></u>

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY
STATEMENT OF NET ASSETS
COMPONENT UNITS
DECEMBER 31, 2004**

	GRAND COUNTY HOSPITAL SERVICE DISTRICT	OTHER NON-MAJOR COMPONENT UNITS	TOTAL
<u>ASSETS</u>			
Cash and cash equivalents	\$ 402,123	\$ 156,410	\$ 558,533
Investments	417,043	1,201,025	1,618,068
Accounts receivable - net	3,095,263	41,925	3,137,188
Other receivables	600		600
Taxes receivable		38,601	38,601
Inventory	279,589		279,589
Prepaid expense	24,098		24,098
Due from other governmental units		182,440	182,440
Restricted cash	356,299		356,299
Restricted Investments		368,751	368,751
Promises to give, net of current portion	43,671		43,671
Other current assets	31,967		31,967
Capital assets (net of accumulated depreciation):			
Land	1,344,761	247,576	1,592,337
Buildings	1,566,883	789,914	2,356,797
Improvements other than buildings	163,266	872,956	1,036,222
Equipment	991,951	139,626	1,131,577
Infrastructure		1,783,055	1,783,055
Work in progress	137,295		137,295
Total assets	\$ 8,854,809	\$ 5,822,279	\$ 14,677,088
<u>LIABILITIES</u>			
Accounts payable	\$ 1,751,691	\$ 24,227	\$ 1,775,918
Accrued liabilities		823	823
Deferred revenue	24,098		24,098
Bond interest payable	4,235	45,342	49,577
Notes payable - Due within one year	584,713	47,000	631,713
Revenue bonds payable - Due within one year	104,716	122,600	227,316
Notes payable - Due in more than one year	723,158		723,158
Revenue bonds payable - Due in more than one year	415,832	1,569,200	1,985,032
Total liabilities	\$ 3,608,443	\$ 1,809,192	\$ 5,417,635
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	\$ 2,371,502	\$ 2,048,985	\$ 4,420,487
Restricted for:			
Capital projects	214,927	604,141	819,068
Debt Service	289,740	408,359	698,099
Unrestricted	2,370,197	951,602	3,321,799
Total net assets	\$ 5,246,366	\$ 4,013,087	\$ 9,259,453

"The notes to the financial statements are an integral part of this statement."

GRAND COUNTY
STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2004

Function/Programs	PROGRAM REVENUES					NET (EXPENSE) REVENUE & CHANGES IN NET ASSETS		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	TOTAL MAJOR COMPONENT UNIT	OTHER NONMAJOR COMPONENT UNITS	TOTAL	
Governmental activities:								
Grand County Hospital Service District								
General governments	\$ 208,687	\$ 64,220	\$	\$ 27,767	\$ (116,700)		\$ (116,700)	
Public health	10,100,720	11,150,779		84,997	1,135,056		1,135,056	
Interest on long term liabilities	37,473				(37,473)		(37,473)	
Total governmental activities	\$ 10,346,880	\$ 11,214,999	\$	\$ 112,764	\$ 980,883	\$	\$ 980,883	
Business-type activities:								
Solid Waste Special Service District	\$ 504,358	\$ 354,304				\$ (150,054)	\$ (150,054)	
Grand County Special Service Water District	91,993					(91,993)	(91,993)	
Grand County Recreation Special Service District	481,453					(481,453)	(481,453)	
Total business-type activities	\$ 1,077,804	\$ 354,304	\$	\$	\$	\$ (723,500)	\$ (723,500)	
Total component units	\$ 11,424,684	\$ 11,569,303	\$	\$ 112,764	\$ 980,883	\$ (723,500)	\$ 257,383	
General revenues:								
Property taxes						\$ 168,048	\$ 168,048	
Payment in lieu of taxes						112,363	112,363	
Mineral lease revenue					\$ 223,404	703,156	926,560	
Gain/(Loss) on disposal of assets						4,021	4,021	
Contribution from other governments						3,384	3,384	
Investment earnings					8,484	24,440	32,924	
Miscellaneous						9,000	9,000	
Total general revenues and transfers					\$ 231,888	\$ 1,024,412	\$ 1,256,300	
Change in net assets					\$ 1,212,771	\$ 300,912	\$ 1,513,683	
Net assets - beginning					4,033,595	3,712,175	7,745,770	
Net assets - ending					\$ 5,246,366	\$ 4,013,087	\$ 9,259,453	

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of Grand County have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, (as amended by GASB Statement 37) Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments. Certain of the significant changes in the Statement include the following:

- The financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the County's overall financial position and results of operations.

Financial statements prepared using full-accrual accounting for all the County's activities.

- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including the notes to financial statements).

A. Reporting Entity

Grand County, Utah (the County) operates under a seven-member County Council form of government. The County provides the following services: Countywide services, such as those provided by elected officials (including assessing and collecting property taxes for all taxing districts in the County), health and human services to the unincorporated areas, such as fire and police protection, developmental services, street lighting, traffic engineering, highways, planning and zoning, animal services and justice courts.

The accompanying financial statements include the County, which is a political subdivision with corporate powers created under Utah State law, and all of its component units, collectively referred to as the financial reporting entity. Blended component units, although legally separate entities, are in substance part of the government's operations. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Blended Component Units – These component units function for all practical purposes, as an integral part of Grand County despite their separate legal status.

Municipal Building Authority – The Municipal Building Authority of Grand County was created by the County Council as a body politic and corporate for the purpose of financing, owning, leasing, or operating facilities to meet the needs of the County government. It is comprised of a governing body that has been appointed by the County Council and may be removed or replaced at any time by its discretion.

Thompson Fire Special District – Thompson Special Service Fire District was created for the purpose of providing fire protection to the Thompson area. The County Council is the governing board.

Discrete Component Units - These component units are entities, which are legally separate from the County, but are financially accountable to the County whose relationships with the county are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Component Units, column of the government-wide financial statements include that financial data of these entities.

Grand County Special Service Water District - The District was created for the purpose of providing, within the area of a special service district, supply, treatment, and distribution of water. The County appoints the governing board. The District's financial statements were audited and issued under a separate cover.

Grand County Hospital Service District - The Grand County Hospital Service District was established by the governing authority of the County, upon its own motion, for the benefit of the public health, convenience, and necessity of providing health care services. The County appoints the governing board of the Hospital. The Hospital's financial statements were audited and issued under a separate cover. Separate financial statements may be obtained from Grand County Hospital Service District's administrative office in Moab, Utah.

Grand County Recreation Special Service District – The District was created as a body politic and corporate, for the purpose of providing, within the area of the service district, recreation services. The County appoints the governing board of the District. The District's financial statements were audited and its report was issued under a separate cover. Separate financial statements may be obtained from Grand County Recreation Special Service District's administrative offices in Moab, Utah.

Solid Waste Management Special Service District - The District was created as a body politic and corporate, for the purpose of providing sanitation services to the residents within the service district. The County appoints the governing board of the District. The District was audited and its report has been issued under a separate cover. Separate financial statements may be obtained from Solid Waste Management Special Service District's administrative offices in Moab, Utah.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Related Organizations

Grand County Water Conservancy District - The Water Conservancy District was created for the greatest beneficial use of water within the County. Water conservancy districts are created under the "Water Conservancy Act". The County appoints the directors of the District. The District's financial statements have been audited and issued under a separate cover.

Spanish Valley Water and Sewer Improvement District - The District was created for the purpose of supplying, treating, and distributing water and the collection, treatment and distribution of sewage. The County appoints the directors of the District. The District's financial statements were audited and issued under a separate cover.

Grand Water and Sewer Service Agency - The Agency was created for the purpose of central management of other similar districts. The County appoints the governing board. The Agency's financial statements were audited and issued under a separate cover.

Moab Mosquito Abatement District - The Moab Mosquito Abatement District was created by Grand County after receiving the required petition signed by a certain number of registered voters within the District. The County Council appoints the governing board. The District's financial statements were compiled and issued under a separate cover.

Elgin Mosquito Abatement District - The Elgin Mosquito Abatement District was created by Grand County after receiving the required petition signed by a certain number of registered voters within the District. The County Council appoints the governing board. The District was audited, or had financial statements compiled or reviewed by others, and issued under a separate cover.

Grand County Cemetery District - The District was created for the purpose of maintaining cemeteries within the area of the service district. The County appoints the governing board. The District's financial statements were audited and issued under a separate cover.

B. Government-Wide and Fund Financial Accounting

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties for goods and services.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Direct expenses can include certain indirect costs (administrative overhead charges) that are automatically allocated to the various functions.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

B. **Government-Wide and Fund Financial Accounting (Continued)**

Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, component funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The remaining governmental and enterprise funds are combined into a single column and reported as other (non-major) funds. The internal service fund is reported in a single column on the proprietary fund financial statements.

C. **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Governmental-wide Financial Statements -The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider has been met. The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statement, rather than as another financing source. Amounts paid to reduce long-term debt of the County are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

Governmental Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means that amounts can be reasonably determined within the current period. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Exceptions to this general rule include accumulated unpaid compensated absences and principal and interest on general long-term debt which are recognized when due.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. **Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

The County reports the following major governmental funds:

- General Fund – The General Fund accounts for all activities not accounted for by other funds of the County. The principal source of revenue for this fund is property taxes.
- Travel Council – The Travel Council Fund is used to account for revenues and expenditures used to promote economic development activities in the Moab area.
- “B” Road Fund – The “B” Road Fund is used to account for the revenues and expenditures used for repair, maintains and improvement of roads which are classified as B roads within the County boundaries.

The County’s non-major governmental funds include other special revenue funds, capital project funds and debt service funds. The non-major special revenue funds account for specific revenue sources that are legally restricted to expenditures, for specified purposes. The capital project funds accounts for resources obtained and used for the acquisition, construction or improvement of certain capital facilities. Such resources are derived principally from proceeds of debt instruments and operating transfers from the County’s General Fund.

Proprietary Fund Financial Statements – Proprietary funds include enterprise funds and internal service funds. Internal Service funds are used to account for the goods and services provided by one fund to other funds of the County, rather than to the general public. The financial statements of the proprietary funds are reported similar to the government-wide financial statements in that they both use the economic resources measurement focus and the accrual basis of accounting.

Proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses result from providing goods and services relating to the primary operations of the proprietary fund. Other revenues and expenses are reported as nonoperating.

The county reports the following major proprietary fund:

- Municipal Building Authority – The Municipal Building Authority Fund accounts for the resource for the financing, owning, leasing and operating of facilities to meet the needs of the County government.

The County’s non-major proprietary funds include the Sandflat Fund. The Sandflat Fund accounts for resources collected and used in the operation of the slick rock bike trails.

Internal Service Fund – The Internal Service Fund account for the resources used to pay health insurance premium for the County. The Internal Service Fund is reported on the proprietary fund statements. In the government-wide financial statement, the internal service fund is included with governmental activities since most of the services provided by the internal service fund are for governmental purposes.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. **Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

Fiduciary Fund Financial Statements – Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for other organizations or individuals. These statements are reported using the economic resources measurement focus and the accrual basis of accounting. The county only has one type of fiduciary fund

- **Agency Funds** – Agency Funds are used to account for assets held by the County as an agent for other governments, private organizations, or individuals. Agency Funds include Treasurer's Tax Collection and Miscellaneous funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Private-Sector Standards of Accounting and Financial Reporting – The County generally applies to both the government-wide and proprietary fund statements all Financial Accounting Standards Board (FASB) Statements and Interpretations, APB Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). The County has elected not to follow private-sector guidance subsequent to that date.

Interfund Transactions – Interfund transactions represent transactions between different funds within the County. In general, interfund activity, including internal service fund transactions have been eliminated from the government-wide financial statements in an effort to minimize the doubling-up of revenues and expenditures resulting from such transactions. Interfund services provided and used between different functional categories, however, have not been eliminated from the government-wide financial statement so as not to distort the direct costs and program revenues reported in the various functions concerned.

Transfers between governmental and business-type activities are reported at the net amount in the government-wide Statement of Activities. Interfund receivables and payables have been eliminated from the government-wide Statement of Net Assets except for those amounts due between governmental and business-type activities. Such amounts are reported at the net amount as "internal balances" and offset each other to result in a zero balance in the total column.

Program Revenues/Operating Revenues and Expenses From Non-Operating Items – Amounts reported as program revenues include 1) charges for fees, rental, material, supplies, or services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. **Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

D. **Budgetary Data**

Budgets are presented on the modified accrual basis of accounting for all governmental funds and on the accrual basis for proprietary funds. Budgets are not adopted for the agency fund. All annual appropriations lapse at fiscal year end. The following procedures are used in establishing the budgetary data reflected in the financial statements.

1. A formal budget is adopted for all funds, which require a budget: all general, special revenue, debt service, capital projects, and enterprise funds. The budget is a complete financial plan, which identifies all estimated revenues and all appropriations for expenditure for the year. The budget must balance, that is estimated revenues and other financing sources must equal appropriated expenditures.
2. By November 1, the County Auditor submits to the County Council a proposed operating budget for the fiscal year for all funds beginning January 1.
3. The County Council discusses and approves the budget and sets a date for a public hearing on the proposed budget.
4. A public hearing is held to obtain taxpayer comments and the budget is adopted.
5. The County Council can transfer budgeted amounts between line items or departments by resolution, but any action that increases the total general fund budget must be approved by resolution only after a public hearing. (The budgets of other funds may be increased after giving public notice.)

E. **Cash and Cash Equivalents and Investments**

Cash and investment management in the County is administered by the County Treasurer in accordance with the Utah Money Management Act, Section 51-7 of the Utah code. The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including investments in the Public Treasurers' Investment Fund (PTIF).

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, and then unrestricted resources as they are needed.

Statements of cash flow are presented for proprietary funds under the direct method.

F. **Inventories**

Allen Memorial Hospital, a component unit of Grand County Hospital Service District, values its inventories at the lower of cost or market, determined on a first-in, first-out basis. Inventories are accounted for under the consumption method where inventories are recorded as expenditures when consumed rather than when purchased.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

G. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation, comp-time and sick pay benefits. An estimate of sick leave liability, comp-time and vacation pay is accrued when incurred in government-wide financial statements and proprietary funds and reported as a liability.

Accrued unpaid vacation pay and other employee benefit amounts, which vest to the employee in the government-wide financial statements for governmental activities total \$338,762 and for proprietary funds total \$7,075.

H. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

I. Capital Assets

Capital assets include land, right of ways, buildings, improvements other than buildings, machinery and equipment, infrastructure (roads and bridges) and work-in-progress. These assets are reported in the government-wide financial statements in the relevant column on the Statement of Net Assets under governmental or business activities. Proprietary fund capital assets are also reported in the appropriate fund statements. Capital assets acquired by governmental funds are recorded as expenditures in the governmental fund financial statements. The capitalization threshold for personal property is defined to be assets with a useful life of at least one year and costing at least \$5,000. Assets purchased or constructed are generally recorded at cost. If precise cost is not available (as was the case with certain infrastructure), the asset is recorded at estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation.

When constructing capital assets, interest expense incurred relating to governmental or proprietary activities is not capitalized.

Depreciation of all exhaustible capital assets is charged as an expense against operations for proprietary funds and is charged to the various functional expenses or business-type activities in the government-wide Statement of Activities. Accumulated depreciation is reported on proprietary fund and government-wide Statement of Net Assets. Depreciation is provided over the estimated useful lives using the straight-line method. Estimated useful lives are as follows:

Buildings	20-40 years
Improvements	15-20 years
Equipment	5-10 years
Infrastructure	40-50 years

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

J. **Net Assets/Fund Balances**

The difference between assets and liabilities is "Net Assets" on the government-wide and proprietary fund financial statements and "Fund Balance" on the governmental fund financial statements. Net assets are divided into these categories, investment in capital assets (net of related debt), restricted, and unrestricted. Net assets are reported as restricted when constraints are placed upon them by external parties or are imposed by constitutional provisions or enabling legislation.

In the governmental fund financial statements, fund balances are classified as reserved, unreserved designated, or unreserved undesignated. Reserves represent those portions of fund balance not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

2. **CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2004 was as follows:

Primary Government Governmental activities:	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Capital assets not being depreciated:				
Land	\$ 2,407,845	\$ 3,660	\$ 30,150	\$ 2,381,355
Rights of Way	4,863,194			4,863,194
Work in progress	42,782	100,684	40,182	103,284
Total capital assets not being depreciated	\$ 7,313,821	\$ 104,344	\$ 70,332	\$ 7,347,833
Capital assets being depreciated:				
Buildings	\$ 7,281,101	\$ 73,053		\$ 7,354,154
Improvements other than buildings	5,777,036	18,011		5,795,047
Machinery and equipment	5,307,975	742,788		6,050,763
Infrastructure (Bridges)	103,016,468			103,016,468
Total capital assets being depreciated	\$ 121,382,580	\$ 833,852	\$...	\$ 122,216,432
Less accumulated depreciation for:				
Buildings	\$ 1,949,136	\$ 189,757		\$ 2,138,893
Improvements other than buildings	956,191	289,506		1,245,697
Machinery and equipment	3,790,547	512,737		4,303,284
Infrastructure (Bridges)	51,430,149	2,014,815		53,444,964
Total accumulated depreciation	\$ 58,126,023	\$ 3,006,815	\$...	\$ 61,132,838
Total capital assets, being depreciated, net	\$ 63,256,557	\$ (2,172,963)	\$...	\$ 61,083,594
Governmental activities capital assets, net	\$ 70,570,378	\$ (2,068,619)	\$ 70,332	\$ 68,431,427

2. CAPITAL ASSETS (Continued)

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 633,387	\$ 180,128		\$ 813,515
Work in progress		400,126		400,126
Total capital assets not being depreciated	\$ 633,387	\$ 580,254	\$...	\$ 1,213,641
Capital assets being depreciated:				
Buildings	\$ 885,613	\$ 577,360		\$ 1,462,973
Improvements other than buildings	99,963			99,963
Machinery and equipment	58,477			58,477
Total capital assets being depreciated	\$ 1,044,053	\$ 577,360	\$...	\$ 1,621,413
Less accumulated depreciation for:				
Buildings	\$ 174,710	\$ 29,478		\$ 204,188
Improvements other than buildings	37,507	5,011		42,518
Machinery and equipment	22,960	8,615		31,575
Total accumulated depreciation	\$ 235,177	\$ 43,104	\$...	\$ 278,281
Total capital assets, being depreciated, net	\$ 808,876	\$ 534,256	\$...	\$ 1,343,132
Business-type activities capital assets, net	\$ 1,442,263	\$ 1,114,510	\$...	\$ 2,556,773
Depreciation expense was charged to functions/programs of the primary government as follows:				
Governmental activities:				
General government			\$ 161,332	
Public safety			252,318	
Highways and public improvements			2,223,060	
Public health			21,573	
Parks and recreation			346,896	
Conservation and economic development			1,636	
Total depreciation expense - governmental activities			\$ 3,006,815	
Business-type activities:				
Sandflats			\$ 13,627	
Municipal building authority			29,477	
Total depreciation expense - Business-Type Activities			\$ 43,104	
Total depreciation expense			\$ 3,049,919	

3. LONG-TERM DEBT

Annual debt service requirements to maturity for bonds are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 119,000	\$ 83,850	\$ 202,850	\$ 121,993	\$ 38,330	\$ 160,323
2006	221,000	142,780	363,780	182,300	64,063	246,363
2007	227,000	136,640	363,640	187,000	59,960	246,960
2008	233,000	130,330	363,330	190,000	55,720	245,720
2009	239,000	123,855	362,855	196,000	51,395	247,395
2010-2014	1,302,000	515,605	1,817,605	864,000	193,360	1,057,360
2015-2019	1,496,000	323,875	1,819,875	619,000	118,125	737,125
2020-2024	1,301,000	109,845	1,410,845	379,000	80,950	459,950
2025-2029	157,000	3,925	160,925	372,000	55,225	427,225
2030-2034				402,000	25,975	427,975
2035				84,000	1,350	85,350
	<u>\$ 5,295,000</u>	<u>\$ 1,570,705</u>	<u>\$ 6,865,705</u>	<u>\$ 3,597,293</u>	<u>\$ 744,453</u>	<u>\$ 4,341,746</u>

Revenue and General Obligation Bonds – Revenue and General Obligation Bonds payable at December 31, 2004, with their outstanding balances, are comprised of the following individual issues:

Governmental Activities:

General Obligation Bond, Series 1992 in the amount of \$3,200,000, issued on April 14, 1992. Annual principal and interest payments are due each April 1, and range from \$166,220 to \$167,200. The County entered into this agreement for the purpose of financing the cost of constructing a new Court House building. The loan bears interest in the amount of 3.00 percent. \$ 2,294,000

General Obligation Bonds, Series 1992 in the amount of \$700,000, issued on April 14, 1992. Annual principal and interest payments are due each April 1, and range from \$20,252 to \$37,000. The County entered into this agreement for the purpose of financing the cost of constructing a new Court House building. The loan bears interest in the amount of 3.00 percent. \$ 501,000

General Obligation Bonds, Series 2004 in the amount of \$2,500,000, issued on August 3, 2004. Annual principal and interest payments are due each April 1, and range from \$159,975 to \$160,925. The County entered into this agreement for the purpose of financing the cost of constructing a new Library building. The loan bears interest in the amount of 2.50 percent. \$ 2,500,000

3. **LONG TERM DEBT (Continued)**

Business-type Activities:

Community Visitor Center, Series 1991 Revenue Bonds in the amount of \$819,000, issued on October 4, 1991. Annual principal and interest payments are due each December 1, and range from \$57,165 to \$58,135. The County entered into this agreement for the purpose of financing the cost of constructing a new Moab Information Center. The loan bears interest in the amount of 3.50 percent. \$ 353,000

Lease Revenue Bond Series 1998, due in annual installments from \$25,100 to \$26,100, beginning July 1, 2000 and maturing July 1, 2019. The bond has an annual interest rate of 2.50 percent. The purpose of the bond is to make improvements to the Visitors Information Center at the Grand County Airport. \$ 318,000

Taxable Lease Revenue Bond Series 2002, due in annual installments of \$7,000, beginning August 1, 2004 and maturing August 1, 2023. The bond is a zero percent interest bond. The purpose of the bond is to finance the acquisition of a fire truck and related public safety improvements for lease to the County and sublease to the Moab Valley Fire Protection District. \$ 143,000

Taxable Lease Revenue Bond Series 2004A, due in annual installments of \$30,000, beginning January 1, 2006 and maturing January 1, 2035. The bond is a zero percent interest bond. The purpose of the bond is to finance a portion of the acquisition and construction of a senior citizens center and related improvements. \$ 900,000

Lease Revenue Bond Series 2004B, annual principal and interest payments are due each January 1, and range from \$54,825 to \$56,175, beginning January 1, 2006 and maturing January 1, 2035. The bond is a 2.5 percent interest bond. The purpose of the bond is to finance a portion of the acquisition and construction of a senior citizens center and related improvements. \$ 1,162,300

Lease Revenue Bond Series 2004, Annual principal and interest payments are due each April 1, and range from \$69,700 to \$70,675, beginning April 1, 2005 and maturing April 1, 2016. The bond is a 2.5 percent interest bond. The purpose of the bond is to finance the acquisition, construction, furnishing, leasing, maintaining, or operating a public safety storage and training facility and the related real property as well as for the purpose of acquiring additional property for future use by the County. \$ 720,993

3. **LONG TERM DEBT (Continued)**

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2004 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 2,911,000	\$2,500,000	\$ 116,000	\$ 5,295,000	\$ 119,000
Capital Leases	160,393	134,188	157,194	137,387	83,694
Compensated Absences	304,785	33,977		338,762	
	<hr/>				
Governmental activity long-term liabilities	\$ 3,376,178	\$2,668,165	\$ 273,194	\$ 5,771,149	\$ 202,694
	<hr/>				
Business-type activities:					
Bonds payable:					
Revenue bonds	\$ 882,000	\$2,783,293	\$ 68,000	\$ 3,597,293	\$ 121,993
Capital Leases	31,626		10,108	21,518	9,617
Compensated Absences	9,279		2,205	7,074	
	<hr/>				
Business-type activity long-term liabilities	\$ 922,905	\$2,783,293	\$ 80,313	\$ 3,625,885	\$ 131,610
	<hr/>				

3. LONG-TERM DEBT (Continued)

Component Units

Long-term liability activity for the year ended December 31, 2004 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Bonds payable:					
Revenue bonds	\$ 507,400	\$ 55,000	\$ 13,100	\$ 549,300	\$ 15,600
	<hr/>				
Business-type activity long-term liabilities	\$ 507,400	\$ 55,000	\$ 13,100	\$ 549,300	\$ 15,600
	<hr/>				
Governmental activities:					
Bonds & Notes payable:					
Revenue & notes payable	\$ 3,492,703		\$ 474,784	\$ 3,017,919	\$ 843,429
	<hr/>				
Governmental activity long-term liabilities	\$ 3,492,703	\$...	\$ 474,784	\$ 3,017,919	\$ 843,429
	<hr/>				

Note: The prior year's ending balance, (current year's beginning balance) was changed because in the prior year Grand County Hospital Service District's debt of \$618,000 was omitted in error.

Governmental Activity Debt

On April 14, 1992, the Grand County Council issued General Obligation Bonds Series 1992 in the principal amount of \$3,200,000 together with interest at the rate of 3% per annum. The bonds begin accruing interest on the unpaid balance of the principal on April 1, 1992 with an interest only payment due on April 1, 1993. The interest and principal become payable beginning on April 1, 1994 and mature on April 1, 2022. The purpose for issuing the bonds was to construct a new Court House building. The repayment schedule is as follows:

3. LONG-TERM DEBT (Continued)

Governmental Activity Debt (Continued)

<u>Principal Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 1, 2005	\$ 98,000	\$ 68,820	\$ 166,820
April 1, 2006	101,000	65,880	166,880
April 1, 2007	104,000	62,850	166,850
April 1, 2008	107,000	59,730	166,730
April 1, 2009	110,000	56,520	166,520
April 1, 2010	113,000	53,220	166,220
April 1, 2011	117,000	49,830	166,830
April 1, 2012	120,000	46,320	166,320
April 1, 2013	124,000	42,720	166,720
April 1, 2014	128,000	39,000	167,000
April 1, 2015	132,000	35,160	167,160
April 1, 2016	136,000	31,200	167,200
April 1, 2017	140,000	27,120	167,120
April 1, 2018	144,000	22,920	166,920
April 1, 2019	148,000	18,600	166,600
April 1, 2020	153,000	14,160	167,160
April 1, 2021	157,000	9,570	166,570
April 1, 2022	162,000	4,860	166,860
Total	<u>\$ 2,294,000</u>	<u>\$ 708,480</u>	<u>\$ 3,002,480</u>

On April 14, 1992, the Grand County Council issued General Obligation Bonds, Series 1992 in the principal amount of \$700,000 together with interest at 3.00% per annum. The bonds begin accruing interest on the unpaid balance of principal on April 14, 1992 with an interest only payment due on April 14, 1992. The interest and principal become payable on April 14, 1994 and mature on April 14, 2022. The purpose for issuing the bonds is to help construct a new Court House building. The repayment schedule is as follows:

3. **LONG-TERM DEBT (Continued)**

Governmental Activity Debt (Continued)

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 1, 2006	\$ 98,000	\$ 62,500	\$ 160,500
April 1, 2007	100,000	60,050	160,050
April 1, 2008	103,000	57,550	160,550
April 1, 2009	105,000	54,975	159,975
April 1, 2010	108,000	52,350	160,350
April 1, 2011	111,000	49,650	160,650
April 1, 2012	114,000	46,875	160,875
April 1, 2013	116,000	44,025	160,025
April 1, 2014	119,000	41,125	160,125
April 1, 2015	122,000	38,150	160,150
April 1, 2016	125,000	35,100	160,100
April 1, 2017	128,000	31,975	159,975
April 1, 2018	132,000	28,775	160,775
April 1, 2019	135,000	25,475	160,475
April 1, 2020	138,000	22,100	160,100
April 1, 2021	142,000	18,650	160,650
April 1, 2022	145,000	15,100	160,100
April 1, 2023	149,000	11,475	160,475
April 1, 2024	153,000	7,750	160,750
April 1, 2025	157,000	3,925	160,925
Total	<u>\$2,500,000</u>	<u>\$ 707,575</u>	<u>\$3,207,575</u>

Proprietary Debt

On October 4, 1991, the Grand County Council issued Utah Visitor Information Series 1991 revenue bonds, in the amount of \$819,000 together with interest at a rate of 3.5% per annum. The bonds begin accruing interest on the unpaid principal balance on October 4, 1991 with an interest only payment due December 1, 1991. The interest and principal become payable beginning on December 1, 1992 and mature on December 1, 2011. The purpose for issuing the bonds is to construct a new Moab Information Center. The repayment schedule is as follows:

3. LONG-TERM DEBT (Continued)

Proprietary Debt (Continued)

<u>Principal Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
December 1, 2005	\$ 45,000	\$ 12,355	\$ 57,355
December 1, 2006	47,000	10,780	57,780
December 1, 2007	49,000	9,135	58,135
December 1, 2008	50,000	7,420	57,420
December 1, 2009	52,000	5,670	57,670
December 1, 2010	54,000	3,850	57,850
December 1, 2011	56,000	1,960	57,960
	<u>\$ 353,000</u>	<u>\$ 51,170</u>	<u>\$ 404,170</u>

On October 9, 1998, the Grand County Council issued Grand County Visitor Center Authority Lease Revenue Bonds, Series 1998 in the principal amount of \$400,000 together with interest at 2.5% per annum. The bonds begin accruing interest on the unpaid principal balance on July 1, 1999 with an interest and principal payment due on July 1, 2000. The bonds mature at July 1, 2019. Grand County Visitor Center Authority Lease Revenue Bonds, Series 1998 were issued for the purpose of making improvements to the Visitor Information Center at the Grand County Airport. The repayment schedule is as follows:

<u>Principal Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
July 1, 2005	\$ 18,000	\$ 7,950	\$ 25,950
July 1, 2006	18,000	7,500	25,500
July 1, 2007	19,000	7,050	26,050
July 1, 2008	19,000	6,575	25,575
July 1, 2009	20,000	6,100	26,100
July 1, 2010	20,000	5,600	25,600
July 1, 2011	20,000	5,100	25,100
July 1, 2012	21,000	4,600	25,600
July 1, 2013	22,000	4,075	26,075
July 1, 2014	22,000	3,525	25,525
July 1, 2015	23,000	2,975	25,975
July 1, 2016	23,000	2,400	25,400
July 1, 2017	24,000	1,825	25,825
July 1, 2018	24,000	1,225	25,225
July 1, 2019	25,000	625	25,625
	<u>\$ 318,000</u>	<u>\$ 67,125</u>	<u>\$ 385,125</u>

3. **LONG-TERM DEBT (Continued)**

Proprietary Debt (Continued)

On January 8, 2002, the Municipal Building Authority of Grand County issued Taxable Lease Revenue Bond, Series 2002 in the principal amount of \$150,000. The bond is a zero percent interest bond. The first installment of the principal balance of \$7,000 will become due August 1, 2004 with the bond maturing on August 1, 2023. The purpose of the bond is to finance the acquisition of a fire truck and related public safety improvements for lease to the County and sublease to the Moab Valley Fire Protection District. The repayment schedule is as follows:

<u>Principal Payment Date</u>	<u>Amount of Principal Payment</u>
August 1, 2005	\$ 7,000
August 1, 2006	7,000
August 1, 2007	7,000
August 1, 2008	7,000
August 1, 2009	7,000
August 1, 2010	7,000
August 1, 2011	7,000
August 1, 2012	7,000
August 1, 2013	7,000
August 1, 2014	8,000
August 1, 2015	8,000
August 1, 2016	8,000
August 1, 2017	8,000
August 1, 2018	8,000
August 1, 2019	8,000
August 1, 2020	8,000
August 1, 2021	8,000
August 1, 2022	8,000
August 1, 2023	8,000
Total	<u>\$ 143,000</u>

In 2004, the Municipal Building Authority of Grand County issued Taxable Lease Revenue Bond, Series 2004A in the principal amount of \$900,000. The bond is a zero percent interest bond. The first installment of the principal balance of \$30,000 will become due January 1, 2006 with the bond maturing on January 1, 2035. The purpose of the bond is to finance a portion of the acquisition and construction of a senior citizens center and related improvements. The repayment schedule is as follows:

3. **LONG-TERM DEBT (Continued)**

Proprietary Debt (Continued)

<u>Principal Payment Date</u>	<u>Amount of Principal Payment</u>
January 1, 2006	\$ 30,000
January 1, 2007	30,000
January 1, 2008	30,000
January 1, 2009	30,000
January 1, 2010	30,000
January 1, 2011	30,000
January 1, 2012	30,000
January 1, 2013	30,000
January 1, 2014	30,000
January 1, 2015	30,000
January 1, 2016	30,000
January 1, 2017	30,000
January 1, 2018	30,000
January 1, 2019	30,000
January 1, 2020	30,000
January 1, 2021	30,000
January 1, 2022	30,000
January 1, 2023	30,000
January 1, 2024	30,000
January 1, 2025	30,000
January 1, 2026	30,000
January 1, 2027	30,000
January 1, 2028	30,000
January 1, 2029	30,000
January 1, 2030	30,000
January 1, 2031	30,000
January 1, 2032	30,000
January 1, 2033	30,000
January 1, 2034	30,000
January 1, 2035	30,000
	<u>\$ 900,000</u>

3. **LONG-TERM DEBT (Continued)**

Proprietary Debt (Continued)

In 2004, the Municipal Building Authority of Grand County issued Lease Revenue Bond, Series 2004B in the principal amount of \$1,162,300 together with interest at 2.5% per annum. The bonds begin accruing interest on the unpaid principal balance on January 1, 2005 with an interest and principal payment due on January 1, 2006. The bonds mature at January 1, 2035. The purpose of the bond is to finance a portion of the acquisition and construction of a senior citizens center and related improvements. The repayment schedule is as follows:

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
January 1, 2006	\$ 26,300	\$ 29,058	\$ 55,358
January 1, 2007	27,000	28,400	55,400
January 1, 2008	28,000	27,725	55,725
January 1, 2009	29,000	27,025	56,025
January 1, 2010	29,000	26,300	55,300
January 1, 2011	30,000	25,575	55,575
January 1, 2012	30,000	24,825	54,825
January 1, 2013	31,000	24,075	55,075
January 1, 2014	32,000	23,300	55,300
January 1, 2015	33,000	22,500	55,500
January 1, 2016	34,000	21,675	55,675
January 1, 2017	35,000	20,825	55,825
January 1, 2018	36,000	19,950	55,950
January 1, 2019	37,000	19,050	56,050
January 1, 2020	38,000	18,125	56,125
January 1, 2021	39,000	17,175	56,175
January 1, 2022	39,000	16,200	55,200
January 1, 2023	40,000	15,225	55,225
January 1, 2024	41,000	14,225	55,225
January 1, 2025	42,000	13,200	55,200
January 1, 2026	43,000	12,150	55,150
January 1, 2027	44,000	11,075	55,075
January 1, 2028	46,000	9,975	55,975
January 1, 2029	47,000	8,825	55,825
January 1, 2030	48,000	7,650	55,650
January 1, 2031	49,000	6,450	55,450
January 1, 2032	50,000	5,225	55,225
January 1, 2033	52,000	3,975	55,975
January 1, 2034	53,000	2,675	55,675
January 1, 2035	54,000	1,350	55,350
Total	<u>\$1,162,300</u>	<u>\$503,783</u>	<u>\$1,666,083</u>

3. **LONG-TERM DEBT (Continued)**

Proprietary Debt (Continued)

On April 20, 2004, the Municipal Building Authority of Grand County issued Lease Revenue Bond, Series 2004 in the principal amount of \$720,993 together with interest at 2.5% per annum. The bonds begin accruing interest on the unpaid principal balance on April 20, 2004 with an interest and principal payment due on April 1, 2005 and continuing every April 1st until April 1, 2016, the date the bonds mature. The purpose of the bond is to finance the acquisition, construction, furnishing, leasing, maintaining, or operating a public safety and training facility and the related real property as well as for the purpose of acquiring additional property for future use by the County. The repayment schedule is as follows:

Principal Payment Date	Principal	Interest	Total
April 1, 2005	\$ 51,993	\$ 18,025	\$ 70,018
April 1, 2006	54,000	16,725	70,725
April 1, 2007	55,000	15,375	70,375
April 1, 2008	56,000	14,000	70,000
April 1, 2009	58,000	12,600	70,600
April 1, 2010	59,000	11,150	70,150
April 1, 2011	61,000	9,675	70,675
April 1, 2012	62,000	8,150	70,150
April 1, 2013	64,000	6,600	70,600
April 1, 2014	65,000	5,000	70,000
April 1, 2015	67,000	3,375	70,375
April 1, 2016	68,000	1,700	69,700
	<u>\$ 720,993</u>	<u>\$ 122,375</u>	<u>\$ 843,368</u>

4. **CAPITAL LEASES**

Grand County has entered into a lease agreement as a lessee for financing the acquisition of two Ford trucks for the Sandflat fund, an enterprise fund. The County has also entered into lease agreements for the purchase of vehicles for the police department, streets department and other County functions. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Equipment	\$ 366,812	\$ 37,719
Less: Accumulated Depreciation	<u>(108,183)</u>	<u>(11,347)</u>
Net assets	<u>\$ 258,629</u>	<u>\$ 26,372</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2004 were as follows:

<u>Years Ending December 31,</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2005	\$ 87,883	\$ 10,552
2006	55,151	10,552
2007		<u>1,758</u>
Total minimum lease payments	\$ 143,034	\$ 22,862
Less: amount representing interest	<u>(5,647)</u>	<u>(1,344)</u>
Present value of minimum lease payments	<u>\$ 137,387</u>	<u>\$ 21,518</u>

5. CASH AND INVESTMENTS

The County maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the Statement of Net Assets for the primary government and fiduciary funds as cash and investments. Income from the investment of the pooled cash is allocated based on each fund's portion of the pool. In addition, cash is separately held by several funds.

At December 31, 2004, the book balance of cash on deposit was \$1,832,991 and the bank balance was \$2,195,090. Of these deposits, \$200,000 was covered by Federal depository insurance and is classified as Category 1 under GASB Statement 3. The remaining bank balance of \$1,995,090 is classified as Category 3. Deposits are not collateralized nor are they required to be by State statute.

At December 31, 2004, the book balance of cash on deposit for discrete component units was \$914,832 and the bank balance was \$1,323,664. Of these deposits, \$535,845 was covered by Federal Depository Insurance and classified as Category 1 under GASB Statement 3. The remaining bank balance of \$787,819 is classified as Category 3. Deposits are not collateralized nor are they required to be by State statute.

The County follows the requirements of the Utah Money Management Act (the Act) in handling its depository and temporary investment transactions. This law requires the depositing of County funds in a "qualified depository". The Act defines a "qualified depository" as any financial institution whose deposits are insured by an agency of the Federal government and which has been certified by the State Commissioner of financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Investments are categorized into the following three categories of credit risk:

- (1) Insured or registered, or securities held by the County or its agent in the County's name.
- (2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the County's name.
- (3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the County's name.

Cash and investments are carried at amortized cost and consist of the following at December 31, 2004:

	Category		Carrying	Fair
	1	3	Amount	Value
U.S. Government Securities Investments	\$ 85,699		\$ 85,699	\$ 85,699
Investments not subject to categorization:				
State Treasurers Investment Pool			7,717,666	7,717,666
Total	\$ 85,699	\$...	\$ 7,803,365	\$ 7,803,365

5. **CASH AND INVESTMENTS (Continued)**

The Utah Public Treasurers' Investment Fund, managed by the Utah State Treasurer, is an external deposit and investment pool wherein governmental entities are able to pool the monies from several entities to improve investment efficiency and yield. These monies are invested in securities permitted by the Money Management Act and contain no withdrawal restrictions other than timely notice of intent to withdraw an amount greater than \$2 million. Investment activity of the State Treasurer in the management of the Pool is reviewed monthly by the Council and is audited by the Utah State Auditor. Monies invested in this fund are not insured and are subject to the same market risk as any similar investment in money market funds. The fair value of the position in the Pool is less than the face value of the Pool shares.

At year-end, discretely presented component units investment balances were as follows:

	<u>1</u>	<u>Category 2</u>	<u>3</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Investment not subject to categorization:					
State Treasurers' Investment Pool				\$ 1,986,819	\$ 1,986,819
	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$ 1,986,819</u>	<u>\$ 1,986,819</u>

6. **PENSION PLANS**

Grand County contributes to the Local Governmental Contributory Retirement System, the Local Governmental Noncontributory Retirement System, and the Public Safety Contributory and Public Safety Noncontributory Retirement Systems, for employers with Social Security coverage, all of which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems. Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, and Public Safety Retirement System for employers with Social Security coverage. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

6. PENSION PLANS (Continued)

Plan members in the Local Governmental Contributory Retirement System are required to contribute 6.0% of their annual covered salary (some of which maybe paid by the County) and Grand County is required to contribute 5.61% of their annual covered salary for the period January 2004 through June 2004. From July 2004 through December 2004, plan members are required to contribute 6.0% of their covered salary and Grand County is required to contribute 7.08%. In the Local Noncontributory Retirement System, Grand County is required to contribute 9.62% of its annual covered salary from January 2004 through June 2004 and 11.09% from July 2004 through December 2004. In the Public Safety Contributory Retirement System for employers with Social Security coverage contributory division members are required to contribute 12.29% of their covered salary and Grand County is required to contribute 4.52% of covered salaries during the period from January 2004 through June 2004 and 7.70% during the period July 2004 through December 2004. In the Public Safety Noncontributory Retirement System, Grand County is required to contribute 16.24% of covered salaries for the period January 2004 through June 2004 and 19.08% of covered salaries for the period July 2004 through December 2004. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

Grand County contributions to the Local Governmental Contributory Retirement System for the years ending December 31, 2004, 2003 and 2002 were \$24,457, \$24,719 and \$24,143 respectively and for the Noncontributory Retirement System, the contributions for December 31, 2004, 2003 and 2002 were \$230,783, \$197,995 and \$175,622 respectively. For the Public Safety Contributory Retirement System for December 31, 2004, 2003 and 2002 contributions were \$6,489, \$5,352 and \$4,734 respectively and for the Public Safety Noncontributory Retirement System for December 2004, 2003 and 2002 contributions were \$88,050, \$78,130 and \$76,442 respectively. The contributions were equal to the required contributions for each year.

The County also sponsors a defined contribution retirement plan under Internal revenue Code 401(k), which is administered by the Utah State Retirement Systems (Systems). The Plan covers all county employees who participate in the Systems and Utah Public Safety Retirement Systems Contributory and Noncontributory retirement plans. Participants are fully vested in employer and employee contributions. The County's contributions for 2004 were \$71,772. Participants may make tax deferred contributions through a salary reduction agreement up to a maximum of \$13,000. The participants' contributions for the year ended December 31, 2004 totaled \$78,695.

7. CONTINGENT LIABILITIES

Litigation

Grand County had one pending lawsuit less than materiality, filed at December 31, 2004. The outcome and liability of the lawsuit are undeterminable. The County has taken the position to contest the suit.

7. **CONTINGENT LIABILITIES (Continued)**

Closure and Post-Closure Cost Landfills

Grand County entered into agreements with the Solid Waste Management Special Service District #1 and the City of Moab in which the County agreed to guarantee the performance of closure and post-closure care of the Klondike and Moab Landfills. Should the escrow moneys set aside by the District not cover all costs associated with the closure and post-closure of the landfills, Grand County would be liable for one half of the uncovered costs. As of December 31, 2004, Grand County's share of closure and post-closure costs was estimated to be \$148,748.

The estimated remaining landfill life in the Klondike Landfill and Moab Landfill is 62 years and 21 years, respectfully.

8. **PROPERTY TAX CALENDAR**

The County adopts, by June 22, the proposed tax rates as part of its budget for the current year, which began January 1. If the proposed rates exceed a certified tax rate, a special public hearing must be held before the final rate is adopted. The County Assessor assesses the final tax on property in the County on the prior January 1. The taxes are payable to the county treasurer by the end of November and are remitted to the County by the county treasurer as collected.

9. **BUDGET VARIANCE**

During the year ended December 31, 2004, the County had unfavorable variances when comparing their budget to actual expenditures as follows:

General Fund –
Weed control
Weapons of mass destruction
Transfers out

10. **RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In 1992, the County joined together with other counties in the State to form the Utah Association of Counties (UAC), a public entity risk pool currently operating as a common risk management and insurance program for member counties. The County pays an annual premium to UAC for its general insurance coverage. The Agreement for Formation of the UAC provides that UAC will be self-sustaining through member premiums and will reinsure through commercial companies.

11. DEFERRED COMPENSATION PLANS

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The assets of the plan are administered by the Utah Retirement Systems (URS). All of the assets and income of the 457 Plan are held in pooled investment fund trusts by the URS for the exclusive benefit of the participants or their beneficiaries rather than as assets of the employer. The County follows Government Accounting Standards Board Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, which says if the plans are separately administered the County is not required to report the assets. Since the URS is the fiduciary of these assets, the County is not required to report the assets.

The plan is included in a publicly available financial report that includes financial statements and required supplementary information. A copy of the URS report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

12. RECEIVABLES

Allen Memorial Hospital, a component unit of Grand County Hospital Service District, has receivables from its patients, substantially all of who are residents from the area served by the Hospital. At December 31, 2004, gross receivables totaled \$4,662,399. An allowance for doubtful accounts is established by charges to operations for amounts required to maintain an adequate allowance, as determined by management, to cover anticipated losses. Individual accounts receivable are charged to the allowance when collection appears doubtful. The allowance was \$1,608,462 at December 31, 2004. At such time, the accounts are referred to collection agencies.

13. PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2004, the County submitted a grant reimbursement request and set up a receivable in the Children's Justice Center Fund. Subsequent to submitting the request for reimbursement the grantor agency denied some of the expenditures claimed on the reimbursement requested, which requires a prior period adjustment of \$4,467 in the year ended December 31, 2004.

In prior years, the County accrued \$4,864 as revenue, assuming they would be reimbursed by the grantor agency. When reimbursement was denied, a prior period adjustment was made to adjust County receivables and fund balances. This adjustment affected both governmental and enterprise activities.

14. DEFICIT FUND BALANCE

Grand County has over expended the funds available in the following funds:

Thompson Fire Special District Fund
Domestic Violence Grant Fund

15. RECONCILIATION OF INTERFUND TRANSFERS

The following table provides a reconciliation of all interfund transfers:

	Transfer In:												
	General	Economic Development	R.S.V.P.	"B" Road	Domestic Violence	Designated Funds	Thompson Fire District	Municipal Building Authority	Airport Capital Project	Travel Council	TRT Brick & Mortar	Library Capital Projects	Total
Transfer Out:													
General		\$ 25,000	\$ 15,000	\$ 15,000	\$ 15,308	\$ 5,000		\$ 5,091					\$ 80,399
"B" Road	\$ 36,000												36,000
Restaurant and Car Tax	131,000					5,000	\$ 8,000	30,328	\$ 18,000	\$ 50,000			242,328
Travel Council		25,000									\$ 283,586		308,586
TRT Brick & Mortar	178,417							59,498					237,915
Sandflat	10,000												10,000
Impact Fees	20,000							5,176					25,176
Library												\$ 32,700	32,700
	<u>\$375,417</u>	<u>\$ 50,000</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 15,308</u>	<u>\$ 10,000</u>	<u>\$ 8,000</u>	<u>\$ 100,093</u>	<u>\$ 18,000</u>	<u>\$ 50,000</u>	<u>\$ 283,586</u>	<u>\$ 32,700</u>	<u>\$ 973,104</u>

GRAND COUNTY
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2004

SPECIAL REVENUE FUNDS

	SENIOR CENTER PROJECT	ALCOHOL AND DRUG REHAB	STAR HALL LEGACY	G.C. AIR AFFAIR	USU POSTAGE	POSTER SALES	POTASH BOAT RAMP	CENTENNIAL COMMITTEE	FOURTH OF JULY CELEBRATION	LOCAL COURT SURCHARGE	LOGISTIC SOLUTIONS	ECONOMIC DEVELOPMENT	THOMPSON FIRE	STRIKE FUND	COURT SERVICES MAGNETOMETER
Assets															
Cash	\$ 15,487	\$ 29,431	\$ 18,277	\$ 2,370		\$ 6,608		\$ 3,116	\$ 4,585	\$ 1,746	\$ 9,109	\$ 28,401		\$ 7,173	
Restricted cash															
Investments															
Taxes receivable															
Due from other governments					\$ 900		\$ 3,650			827			\$ 23,342	\$2	
Total assets	\$ 15,487	\$ 29,431	\$ 18,277	\$ 2,370	\$ 900	\$ 6,608	\$ 3,650	\$ 3,116	\$ 4,585	\$ 2,573	\$ 9,109	\$ 28,401	\$ 23,342	\$ 7,225	\$
Liabilities and Fund Balances															
Liabilities:															
Cash deficit	\$ 105				\$ 595		\$ 3,404					\$ (40)	\$ 24,885		\$ 336
Accounts payable															
Total liabilities	\$ 105				\$ 595		\$ 3,404					\$ (40)	\$ 24,885		\$ 336
Fund balances:															
Reserved															
Debt service															
Capital projects															
Special revenue funds															
Total fund balances	\$ 15,382	\$ 29,431	\$ 18,277	\$ 2,370	\$ 305	\$ 6,608	\$ 246	\$ 3,116	\$ 4,585	\$ 2,573	\$ 9,109	\$ 28,441	\$ (1,543)	\$ 7,225	\$ (336)
Total liabilities and fund balance	\$ 15,382	\$ 29,431	\$ 18,277	\$ 2,370	\$ 305	\$ 6,608	\$ 246	\$ 3,116	\$ 4,585	\$ 2,573	\$ 9,109	\$ 28,441	\$ (1,543)	\$ 7,225	\$ (336)
	\$ 15,487	\$ 29,431	\$ 18,277	\$ 2,370	\$ 900	\$ 6,608	\$ 3,650	\$ 3,116	\$ 4,585	\$ 2,573	\$ 9,109	\$ 28,401	\$ 23,342	\$ 7,225	\$

GRAND COUNTY
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2004

	RESTAURANT AND CAR TAX	DOMESTIC VIOLENCE	IMPACT FEE	EMERGENCY MEDICAL SERVICES	RSVP	LIBRARY FUNDS	CHILDREN JUSTICE	911 EMERGENCY SERVICE	CAPITAL PROJECTS			DEBT SERVICE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
									TRT CAPITAL PROJECT	AIRPORT CAPITAL PROJECT	LIBRARY CAPITAL PROJECT		
Cash	\$ 2,543	\$ 42,160	\$ 65,774	\$ 2,226	\$ 24,131				\$ 46,844	\$ 70,824	\$ 2,565,385	\$ 327,718	\$ 708,523
Restricted cash			139,442								739		2,704,827
Investments	41,209	342,895			202,912	78,813		\$ 20,410	969			45,761	698,134
Taxes receivable											50		124,574
Due from other governments		\$ 2,354	4,299	359	15,588	6,785	\$ 22,029						80,235
Total assets	\$ 43,752	\$ 2,354	\$ 389,354	\$ 205,575	\$ 17,814	\$ 312,641	\$ 22,029	\$ 20,410	\$ 47,813	\$ 70,824	\$ 2,566,174	\$ 373,479	\$ 4,227,293
LIABILITIES AND FUND BALANCES													
Liabilities:													
Cash deficit	\$ 2,749						\$ 20,210	\$ 19,305			\$ 13,322		\$ 84,806
Accounts payable	(34)	\$ 95	\$ 10,672		(1)	\$ 2,083	146				10,199		36,522
Total liabilities	\$ 13,297	\$ 2,715	\$ 95	\$ 10,672	(1)	\$ 2,083	\$ 20,356	\$ 19,305			\$ 23,521		\$ 121,328
Fund balances:													
Reserved													
Debt service													
Capital projects													
Special revenue funds													
Total fund balances	\$ 30,455	\$ (361)	\$ 389,259	\$ 194,903	\$ 17,815	\$ 310,558	\$ 1,673	\$ 1,105	\$ 47,813	\$ 70,824	\$ 2,542,653	\$ 373,479	\$ 373,479
	\$ 30,455	\$ (361)	\$ 389,259	\$ 194,903	\$ 17,815	\$ 310,558	\$ 1,673	\$ 1,105	\$ 47,813	\$ 70,824	\$ 2,542,653	\$ 373,479	\$ 2,661,290
Total liabilities and fund balance	\$ 43,752	\$ 2,354	\$ 389,354	\$ 205,575	\$ 17,814	\$ 312,641	\$ 22,029	\$ 20,410	\$ 47,813	\$ 70,824	\$ 2,566,174	\$ 373,479	\$ 4,227,293

GRAND COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

SPECIAL REVENUE FUNDS

	SENIOR CENTER PROJECT	ALCOHOL AND DRUG REHAB	STAR HILL LEGACY	G.C. AIR AFFAIR	USU POSTAGE	POSTER SALES	POTASH BOAT RAMP	CENTENNIAL COMMITTEE	FOURTH OF JULY CELEBRATION	INDIGENT PUBLIC DEFENDER	LOCAL COURT SURCHARGE	LOGISTIC SOLUTIONS	COURT SERVICES MAGNETOMETER	ECONOMIC DEVELOP- MENT	THOMPSON FIRE
REVENUES:															
Taxes															
Intergovernmental revenues		\$ 15,375			\$ 900	\$ 460	\$ 3,650		\$ 6,000	\$ 8,172				\$ 22,253	\$ 33,709
Charges for Services															
Interest income															
Miscellaneous	\$ 8,056										\$ 2,573	\$ 535	\$ 5,673		
Total revenues	\$ 8,056	\$ 15,375	\$	\$	\$ 900	\$ 460	\$ 3,650	\$	\$ 6,000	\$ 8,172	\$ 2,573	\$ 535	\$ 5,673	\$ 22,253	\$ 33,709
EXPENDITURES:															
General government															
Public safety															
Public health															
Parks, recreation and public property															
Conservation and economic development															
Capital outlay															
Debt Service:															
Principal	\$ 2,627	\$ 10,961			\$ 804		\$ 4,420		\$ 16,000	\$ 8,172			\$ 4,448	\$	\$ 43,252
Interest														\$ 71,885	
Total expenditures	\$ 2,627	\$ 10,961	\$	\$	\$ 804	\$	\$ 4,420	\$	\$ 16,000	\$ 8,172	\$	\$ 3,073	\$ 4,448	\$ 71,885	\$ 43,252
Excess of revenues over (under) expenditures	\$ 5,429	\$ 4,414	\$	\$	\$ 96	\$ 460	\$ (770)	\$	\$ (10,000)	\$	\$ 2,573	\$ (2,538)	\$ 1,225	\$ (49,632)	\$ (9,543)
Other financing sources (uses):															
Transfers in															
Transfers out															
Bond proceeds															
Capital lease financing															
Total other financing sources (uses)	\$	\$	\$	\$	\$	\$	\$	\$	\$ 10,000	\$	\$	\$	\$	\$ 50,000	\$ 8,000
Excess of revenues and other sources over (under) expenditures and other uses	\$ 5,429	\$ 4,414	\$	\$	\$ 96	\$ 460	\$ (770)	\$	\$	\$	\$ 2,573	\$ (2,538)	\$ 1,225	\$ 368	\$ (1,543)
Fund Balances - Beginning of year	9,953	25,017	\$ 18,277	\$ 2,370	209	6,148	1,016	\$ 3,116	\$ 4,585				(1,561)	28,073	
Prior period adjustment															
Fund Balances - End of year	\$ 15,382	\$ 29,431	\$ 18,277	\$ 2,370	\$ 305	\$ 6,608	\$ 246	\$ 3,116	\$ 4,585	\$	\$ 2,573	\$ 9,109	\$ (336)	\$ 28,441	\$ (1,543)

GRAND COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	SPECIAL REVENUE FUNDS										CAPITAL PROJECT FUNDS			DEBT SERVICE		TOTAL NONMAJOR GOVERNMENTAL FUNDS
	STRIKE FUND	RESTAURANT AND CAR TAX	DOMESTIC VIOLENCE	IMPACT FEE	EMERGENCY MEDICAL SERVICES	RSVP	LIBRARY FUNDS	CHILDREN JUSTICE	TAX SALE	911 EMERGENCY FUND	TRT CAPITAL PROJECT	AIRPORT CAPITAL PROJECT	LIBRARY CAPITAL PROJECT	COURTHOUSE DEBT SERVICE		
REVENUES:																
Taxes																
Intergovernmental revenues	\$ 3,000	\$ 240,851	\$ 23,662		\$ 8,599	\$ 30,689	\$ 365,908	\$ 58,044		\$ 3,845		\$ 14,544		\$ 225,433	\$	\$ 836,037
Charges for Services				\$ 131,243	\$ 365,126	1,307	10,847	2,272		47,689						243,843
Interest income		1,343		5,311			1,034			254	\$ 17		\$ 17,228			559,844
Miscellaneous					8,395		1,250		\$ 2,434				3,751			25,187
Total revenues	\$ 3,000	\$ 242,194	\$ 23,662	\$ 136,554	\$ 382,120	\$ 31,996	\$ 394,385	\$ 60,316	\$ 2,434	\$ 51,788	\$ 17	\$ 14,544		\$ 225,433	\$	\$ 1,697,578
EXPENDITURES:																
General government																
Public safety	\$ 908		\$ 41,916		\$ 381,707	\$ 55,421		\$ 59,465	\$ 2,434	\$ 42,111					\$	\$ 2,434
Public health																573,807
Parks, recreation and public property		28,376					\$ 330,088									77,181
Conservation and economic development				\$ 118,142								\$ 16,627	\$ 75,281			378,464
Capital outlay																198,324
Debt Service:																91,908
Principal					23,817					25,181					\$ 116,000	164,998
Interest					322					858					\$ 87,330	88,510
Total expenditures	\$ 908	\$ 28,376	\$ 41,916	\$ 118,142	\$ 405,846	\$ 55,421	\$ 330,088	\$ 59,465	\$ 2,434	\$ 68,150		\$ 16,627	\$ 75,281	\$ 203,330		\$ 1,571,626
Excess of revenues over (under) expenditures	\$ 2,892	\$ 213,818	\$ (18,254)	\$ 18,412	\$ (23,726)	\$ (23,425)	\$ 64,297	\$ 851	\$	\$ (16,362)	\$ 17	\$ (2,083)	\$ (54,302)	\$ 22,103	\$	\$ 125,952
Other financing sources (uses):																
Transfers in			\$ 15,308			\$ 15,000										
Transfers out	\$	(242,328)		\$ (25,176)			\$ (32,700)					\$ 18,000	\$ 32,700		\$	\$ 432,594
Bond proceeds													2,500,000			(538,119)
Capital lease financing					\$ 70,000											2,500,000
Total other financing sources (uses)	\$	\$ (242,328)	\$ 15,308	\$ (25,176)	\$ 70,000	\$ 15,000	\$ (32,700)					\$ 18,000	\$ 2,532,700		\$	70,000
Excess of revenues and other sources over (under) expenditures and other uses	\$ 2,892	\$ (28,510)	\$ (2,946)	\$ (6,764)	\$ 46,274	\$ (8,425)	\$ 31,597	\$ 851		\$ (16,362)	\$ 45,688	\$ 15,917	\$ 2,478,398	\$ 22,103	\$	\$ 2,590,427
Fund Balances - Beginning of year	4,333	58,965	2,585	396,023	148,629	26,240	278,961	4,289		17,467	2,125	54,907	64,255	351,376		1,519,005
Prior period adjustment							(3,467)									(3,467)
Fund Balances - End of year	\$ 7,225	\$ 30,455	\$ (361)	\$ 369,259	\$ 194,903	\$ 17,815	\$ 310,558	\$ 1,673		\$ 1,105	\$ 47,813	\$ 70,824	\$ 2,542,653	\$ 373,479	\$	\$ 4,105,965

SCHEDULE 3

GRAND COUNTY
COMBINING STATEMENT OF NET ASSETS -
NONMAJOR PROPRIETARY FUNDS
DECEMBER 31, 2004

TOTAL
NONMAJOR
BTA'S
SANDFLAT

ASSETS

Current assets:

Cash	\$	36,484
Investments		50,273
Receivables - net		
Accounts		93

Total current assets	\$	86,850
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Noncurrent assets:

Improvements other than buildings	\$	99,963
Furniture, fixtures and equipment		58,477
Less: Accumulated depreciation		(74,093)

Total noncurrent assets, net	\$	84,347
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Total assets	\$	171,197
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LIABILITIES

Current liabilities:

Accounts payable	\$	979
Accrued wages and benefits		9,279
Current portion - lease payable		9,617

Total current liabilities	\$	19,875
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Noncurrent liabilities:

Capital lease	\$	11,901
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Total noncurrent liabilities	\$	11,901
------------------------------	----	--------

Total liabilities	\$	31,776
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Net Assets:

Invested in capital assets, net of related debt	\$	62,829
Unrestricted		76,592

Total net assets	\$	139,421
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GRAND COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND NET ASSETS -
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	TOTAL NON-MAJOR BTA'S SANDFLAT
Operating revenues:	
Charges for sales and services	\$ 232,716
Total operating revenues	<u>\$ 232,716</u>
Operating expenses:	
Employee salaries and benefits	\$ 119,655
Office supplies	1,386
Other supplies and services	16,452
Contractual services	16,464
Utilities	3,231
Repairs and maintenance	6,956
Depreciation	13,627
Trust land fees	6,809
Miscellaneous	607
Travel	106
Seminars	1,204
Dump fees	<u>3,693</u>
Total operating expenses	<u>\$ 190,190</u>
OPERATING INCOME (LOSS)	<u>\$ 42,526</u>
Nonoperating revenues (expenses):	
Interest revenue	\$ 355
Interest expense	(1,444)
Contributions from other governments	3,577
Contributions to other governments	<u>(8,400)</u>
Total nonoperating revenues (expenses)	<u>\$ (5,912)</u>
Income (loss) before capital contributions	<u>\$ 36,614</u>
Transfers in (out):	
Transfers out	<u>\$ (10,000)</u>
Total transfers in (out)	<u>\$ (10,000)</u>
Change in net assets	\$ 26,614
Total net assets - beginning of year	<u>112,807</u>
Total net assets - end of year	<u><u>\$ 139,421</u></u>

GRAND COUNTY
SCHEDULE OF TAXES CHARGED, COLLECTED AND DISBURSED -
CURRENT AND PRIOR YEAR
FOR THE 2004 PROPERTY TAX YEAR

TAX UNITS	TREASURER'S RELIEF				OTHER COLLECTIONS								
	TAXABLE VALUE	TAX RATE	TOTAL TAXES CHARGED	TREASURER'S RELIEF			ANNUAL COLLECTION RATE	FEE IN LIEU	DELINQUENCIES				
				UNPAID TAXES	ABATEMENTS	OTHER			TOTAL RELIEF	TAXES COLLECTED	MISC. COLLECTED	TAX	INTEREST/ PENALTY
COUNTY FUNDS:													
General	\$ 645,655,395	0.001572	\$ 1,014,667	\$ 64,407	\$ 5,709	\$ 3,947	\$ 74,063	\$ 940,604	0.9270	\$ 99,448	\$ 23,845	\$ 85,864	\$ 48,278
Debt service	645,655,395	0.000299	192,776	12,184	1,080	1,442	14,706	178,070	0.9237	18,786	4,141	18,733	1,001
State assessing and collecting	645,655,395	0.000180	116,246	7,384	654	286	8,324	107,922	0.9284	11,408	2,257	10,134	551
County assessing and collecting	645,655,395	0.000158	102,183	6,482	574	395	7,451	94,732	0.9271	10,007	2,063	8,918	455
Library	645,655,395	0.000506	326,920	20,840	1,847	(351)	22,336	304,584	0.9317	32,208	5,983	24,331	1,111
Total County Funds			\$ 1,752,792	\$ 111,297	\$ 9,864	\$ 5,719	\$ 126,880	\$ 1,625,912		\$ 171,857	\$ 38,289	\$ 147,980	\$ 51,396
SCHOOL DISTRICTS													
Grand County School District	\$ 645,655,395	0.004077	\$ 2,632,020	\$ 167,007	\$ 14,802	\$ 9,363	\$ 191,172	\$ 2,440,848	0.9274	\$ 257,803	\$ 52,653	\$ 232,958	\$ 12,301
Grand County School Basic	645,655,395	0.001801	1,162,886	73,842	6,545	3,272	83,659	1,079,227	0.9281	114,056	22,772	98,326	4,986
Total School Districts			\$ 3,794,906	\$ 240,849	\$ 21,347	\$ 12,635	\$ 274,831	\$ 3,520,075		\$ 371,859	\$ 75,425	\$ 331,284	\$ 17,287
CITIES AND TOWNS:													
Castle Valley Town	\$ 33,869,935	0.001907	\$ 64,603	\$ 4,175	\$ 456	\$ 58	\$ 4,689	\$ 59,914	0.9274	\$ 4,130	\$ 1,185	\$ 4,870	\$ 251
Total Cities and Towns			\$ 64,603	\$ 4,175	\$ 456	\$ 58	\$ 4,689	\$ 59,914		\$ 4,130	\$ 1,185	\$ 4,870	\$ 251
OTHER DISTRICTS:													
Grand County Cemetery	\$ 645,655,395	0.000217	\$ 140,305	\$ 8,902	\$ 789	\$ 507	\$ 10,198	\$ 130,107	0.9273	\$ 13,744	\$ 2,800	\$ 12,225	\$ 627
Grand County Water Conservancy	645,655,395	0.000119	77,115	4,882	433	452	5,767	71,348	0.9252	7,529	1,614	7,322	395
Grand County Special Service Water	644,038,070	0.000223	143,610	9,031	1,236	2,211	12,478	131,132	0.9131	13,866	3,266	14,009	722
Moab Mosquito Abatement	440,542,147	0.000268	117,897	6,452	489	244	7,185	110,712	0.9391	15,585	2,496	10,329	692
Moab Valley Fire	440,536,715	0.000565	249,050	13,629	1,032	524	15,185	223,865	0.9390	32,920	5,262	21,740	1,459
Spanish Valley Water & Sewer	189,587,892	0.000211	40,086	2,928	153	271	3,352	36,734	0.9164	5,303	793	4,722	422
Elgin Mosquito	1,874,178												
Castle Valley Fire	44,408,519	0.000396	17,572	974	97	31	1,102	16,470	0.9373	1,235	307	1,065	52
Moab Valley Fire - debt service												1,473	226
Total Other Districts			\$ 785,635	\$ 46,798	\$ 4,229	\$ 4,240	\$ 55,267	\$ 730,368		\$ 90,182	\$ 16,538	\$ 72,887	\$ 4,595
GRAND TOTAL			\$ 6,397,936	\$ 403,119	\$ 35,896	\$ 22,652	\$ 461,667	\$ 5,936,269		\$ 638,028	\$ 131,437	\$ 557,021	\$ 73,529

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MEMBERS

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Grand County Council
Grand County
Moab, Utah 84532

RE: Report on Legal Compliance with Applicable
Utah State Laws and Regulations

Ladies/Gentlemen:

We have audited the financial statements of Grand County for the year ended December 31, 2004, and have issued our report thereon dated June 11, 2005. As part of our audit, we have audited the County's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's Legal Compliance Audit Guide for the year ended December 31, 2004. The County received the following major State assistance programs from the State of Utah:

- B Road Funds (Department of Transportation)
- Colorado River Bike Trail (Department of Transportation)
- Liquor Law Enforcement (State Tax Commission)
- Community Impact Grants (Dept. of Community and Economic Development)
- Community Impact Loans (Dept. of Community and Economic Development)

The County also received the following nonmajor grants, which are not required to be audited for specific compliance requirements, (However, these programs were subject to testwork as part of the audit of Grand County's financial statements).

- GPS Agric Grant (Department of Community and Economic Development)
- Airport Improvement (Department of Community and Economic Development)
- Public Library Development Grant (Department of Community and Economic Development)
- Children's Justice Center (Department of Justice)
- EMS Grants (Department of Human Services)
- State Ambulance Grant (Department of Human Services)
- PILT Grant (State Tax Commission)
- LEPC HAZMAT Grant (Department of Community and Economic Development)
- Biological Weed Control (Department of Agriculture and Food)
- HIIP Grant (Department of Community and Economic Development)
- Thompson Fire Department Grant (Department of Community and Economic Development)

Our audit also included testwork on the County's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Truth in Taxation
Property Tax Limitations
Other Compliance Requirements

Statement of Taxes Charged,
Collected and Disbursed,
Justice Courts
B & C Road Funds
Uniform Building Code
Assessing and Collecting of
Property Taxes

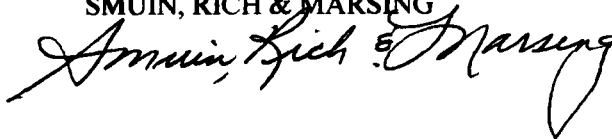
The management of Grand County is responsible for the County's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and those standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying management letter. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Grand County, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended December 31, 2004.

SMUIN, RICH & MARSING



Price, Utah

June 11, 2005

SMUIN, RICH & MARSING

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Grand County Council
Grand County
Moab, Utah 84532

RE: Report on Compliance and on Internal Control
Over Financial Reporting Based on an Audit of
Financial Statements Performed in Accordance
With Government Auditing Standards

We have audited the financial statements of Grand County as of and for the year ended December 31, 2004, and have issued our report thereon dated June 11, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

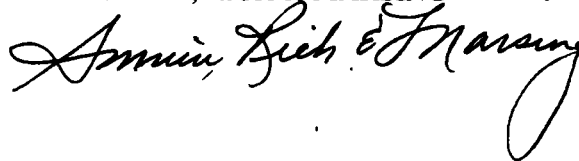
As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level, the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

SMUIN, RICH & MARSING

A handwritten signature in cursive script that reads "Ammin, Rich & Marsing". The signature is written in dark ink and is positioned below the printed name.

Price, Utah

June 11, 2005

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Grand County Council
Grand County
Moab, Utah 84532

RE: Report on Compliance With Requirements
Applicable to Each Major Program and
Internal Control Over Compliance in
Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Grand County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2004.

The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004.

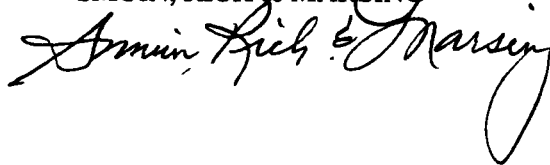
Internal Control Over Compliance

The management of Grand County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, County Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

SMUIN, RICH & MARSING

A handwritten signature in cursive script, appearing to read "Amin Rich & Marsing", written over the printed firm name.

Price, Utah

June 11, 2005

GRAND COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2004

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the general purpose financial statements of Grand County.
2. There were no reportable conditions or material weaknesses disclosed in internal control by the audit over the financial statements.
3. No instances of noncompliance material to the financial statements of Grand County were disclosed by the audit.
4. There were no reportable conditions or material weaknesses in internal control over major programs disclosed by the audit.
5. The auditors' report on compliance for the major federal award programs for Grand County expresses an unqualified opinion.
6. The audit of Grand County's major programs disclosed no audit findings relating to major programs that the auditor is required to report.
7. The programs tested as major programs included:

<u>Program</u>	<u>CFDA#</u>
Weapons of Mass Destruction Grant	16.007

8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Grand County was determined to be a low-risk auditee.

B. FINDINGS-FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

**GRAND COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004**

FEDERAL CFDA NUMBER	GRANT OR PASS THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCURED (DEFERRED) REVENUE AT JANUARY 1, 2004	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCURED (DEFERRED) REVENUE AT DECEMBER 31, 2004
FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE						
U.S. DEPARTMENT OF AGRICULTURE						
Direct Program:						
10.666		\$ 3,560	\$	\$ 3,560	\$ 3,560	\$
Forest Reserve Grant to Counties						
U.S. DEPARTMENT OF INTERIOR						
15	2004-0003-041	\$ 8,300	\$	\$ 8,300	\$ 8,300	\$
Direct Program:						
National Fish and Wildlife Foundation - Wood Control - Purple Loamstrife Control						
U.S. DEPARTMENT OF JUSTICE						
16.388	00-YA-WA-11	\$ 23,662	\$	\$ 23,662	\$ 23,662	\$
16.007		371,809		349,806	349,806	*
16.543		8,500		8,500	8,500	
16.540		63,585		27,515	27,515	
16.540		54,084		22,029	22,029	
Children's Justice Center						
Total U.S. Department of Justice						
		\$ 521,640	\$	\$ 431,512	\$ 431,512	\$
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
14.228	25-3630	\$ 157,525	\$	\$ 140,016	\$ 140,016	\$
Pass through State Department:						
CDBG - Food Bank Building						
Total U.S. Department of Housing and Urban Development						
		\$ 157,525	\$	\$ 140,016	\$ 140,016	\$
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
93.044	N/A	\$ 26,436	\$	\$ 26,436	\$ 26,436	\$
Pass through State Department:						
Council on Aging						
U.S. DEPARTMENT OF TRANSPORTATION						
20.108	25-3639	\$ 250,000	\$	\$ 47,155	\$ 47,155	\$
20.106	3-49-0020-15	243,041		14,250	14,250	
20.106	3-49-0020-14	388,798		280	280	
Airport Grant						
Total U.S. Department of Transportation						
		\$ 881,839	\$	\$ 61,685	\$ 61,685	\$
U.S. DEPARTMENT OF COMMUNITY & ECONOMIC DEVELOPMENT						
45.310	N/A	\$ 8,062	\$	\$ 8,062	\$ 8,062	\$
Pass through State Department:						
Library Services and Technology						
FEDERAL EMERGENCY MANAGEMENT AGENCY						
83.505	N/A	\$ 3,600	\$	\$ 3,600	\$ 3,600	\$
Direct Program:						
FEMA Grant						
CORPORATION FOR NATIONAL SERVICE						
94.002	N/A	\$ 12,068	\$	\$ 12,068	\$ 12,068	\$
94.002	N/A	13,748		13,748	13,748	
Direct Program:						
RSVP						
TOTAL FEDERAL ASSISTANCE						
		\$ 1,636,778	\$	\$ 708,987	\$ 708,987	\$
* MAJOR PROGRAMS						

GRAND COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF DECEMBER 31, 2004

1. SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of program activity of the County's federal award programs and does not necessarily present transactions that would be included in financial statements of the County presented on the modified accrual basis of accounting, as contemplated by generally accepted accounting principles.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting for expenses of the County, which is described in Note 1 of the financial statements.

GRAND COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2004

Grand County has had no Prior Audit Findings that are required to be reported for previous audited financial statements or previously audited Federal Awards.

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Grand County Council
Grand County
Moab, Utah 84532

Ladies/Gentlemen:

The following comments and recommendations are a result of our review of accounting procedures and internal controls in connection with our examination of the basic financial statements of Grand County for the year ended December 31, 2004.

Since our review was made primarily to determine the scope of our auditing procedures and was not intended as a comprehensive study or evaluation of the systems and procedures, this memorandum should not be considered all inclusive.

We welcome the opportunity to discuss any items mentioned in this memorandum or any other accounting or procedural questions.

STATE OF UTAH LEGAL COMPLIANCE

BUDGETARY COMPLIANCE

Utah law prohibits officers and employees of Counties to incur expenditures or encumbrances in excess of the total appropriations for budgets of the County. The County has overspent the following departments in the General Fund in the current year:

General Fund –	
Weed control	\$ 995
Weapons of mass destruction	1,114

We recommend the County review the expenditures and encumbrances made, and compare against the adopted budget, to determine if the budgets of the County are being overspent. Department directors need to evaluate the expenditures for their departments to ensure that budgets are not being overspent.

County's Response

The County realizes the importance of staying within approved budgeted expenditures and has reviewed the financial reports on a regular basis for budget variations. The County has and will continue to monitor the expenditures that have been budgeted with the expenditures that the departments are authorizing for payment.

NOTICE OF BUDGET HEARING

According to Utah Code section 10-6, the governing body of the County shall determine the place and time for a public hearing on adopting or changing a budget. A notice of this hearing is required to be published at least seven days before the hearing in at least one newspaper of general circulation within the County. Grand County published the required Notice of Public Hearing, but not within the seven days required by Utah State Code. The County held a hearing to reopen their 2004 budget on December 17, 2004 but the advertisement of the hearing was published on December 16, 2004, which was only one day prior to the hearing.

We recommend the County review the requirements for advertising the Notice of Public Hearing, as it pertains to their budget, and that the County implement procedures that would insure compliance.

County's Response

The County realizes the importance of complying with the state law on publishing notification of the budget hearings. The County will implement procedures to ensure that they will publish the required Notice of Public Hearing within the required time period prescribed by Utah State Law.

DEFICIT FUND BALANCES

Utah law prohibits appropriations in excess of the estimated expendable revenues for the budget year. This means that the entity should not have deficit balances in any fund. The County has deficit fund balances in the following funds in the current year:

Thompson Fire Special District Fund	\$ 1,543
Domestic Violence Grant Fund	361
Court Service Magnetometer	336

We recommend the County take the necessary action to allocate sufficient revenue to the funds to eliminate the deficit. We further recommend the County monitor more closely the expenditures in the Thompson Fire Special District Fund, Domestic Violence Grant Fund and Court Service Magnetometer Fund to ensure that a deficit does not occur in the future.

County's Response

The County realizes the importance of maintaining fund balances that are appropriate. They thought that they had made the necessary changes in the prior fiscal year to correct the problem. They anticipate that sufficient funds will be recorded to correct the prior year deficit and handle the current year activity. They will also monitor the expenditures and corresponding revenue more closely, so the fund balances comply with State Code.

CASH MANAGEMENT

According to Utah Code 51-4-2(2), all public funds shall be deposited daily, whenever practicable, but not later than three days after receipt. During our review of cash receipts, we noted that one, out of thirty-four receipts, was not deposited timely as required by State statute.

CASH MANAGEMENT (Continued)

We recommend the County establish a system of controls to ensure that public funds are deposited at least once every three days.

County's Response

The County has established controls to comply with the three-day deposit rule.

PURCHASING REQUIREMENTS

According to Grand County's Purchasing Policy located in Section X of their "Employment Policies & Procedures Manual" approved May 20, 2002, "Any procurement (to include construction projects) in excess of \$10,000 shall require a sealed bid and legal notice in a local newspaper of general circulation. An invitation for bids shall be issued when a contract is to be awarded by competitive sealed bidding. Public notice of the invitation for bids shall be given at least twenty-one (21) days prior to the date set forth therein for the opening of bids. Upon approval by the County Council, the contract shall be awarded with reasonable promptness, by written notice, to the bidder whose bid most closely meets the requirements and criteria set forth in the invitation for bids."

During our disbursements testing, it was determined that Grand County did not follow their purchasing policy when they awarded the bid to C & C Improvements for the remodel of the Travel Council's office and purchase and installation of the new HVAC unit installed by Nelsons Heating & Refrigeration.

We recommend the County take the necessary action to implement procedures that would insure that they follow their purchasing policies.

County's Response

The County realizes the importance of following their established policies and procedures. The County will more closely monitor their bidding and awarding process of construction projects in the future.

AMBULANCE BILLING

We met with Mr. Davis and reviewed ambulance-billing and cash collection procedures for services rendered by the EMS department. According to our understanding of these procedures, billing services are initiated based on information generated from "EMS Incident Reports". Summaries of these incident reports are created on the "County Billing Summary Report" and along with the yellow copy of the incident reports are sent to JCI Billing. The billing company invoices individuals or insurance companies according to information provided to them from the above reports. As JCI Billing collects money, it is deposited into a bank account that is subsequently transferred to County bank accounts.

AMBULANCE BILLING (Continued)

As we reviewed these procedures we became concerned with the following circumstances:

1. County Billing Summary Reports are not retained as a hard copy or electronically. Therefore, the only way to verify payment for services billed is by referring to the EMS Incident Report, which can be to time consuming or cumbersome.
2. There is no one monitoring to see that patients that receive services are paying for those services. The billing company sends reports to the County listing patients that pay bills but no one at the County verifies that all patients billed have paid for services. There appears to be no reconciliation of money collected to clients billed.
3. There needs to be a timely transfer of money collected by the billing company to the County.
4. Mr. Davis was not aware of whether nonpayment of old bills had been presented to the County Council to be written off or whether the billing company made this decision.

We recommend the County review the billing and receipting procedures for EMS services rendered and make certain that adequate internal controls are adopted and implemented to safeguard the resources of the County.

County's Response

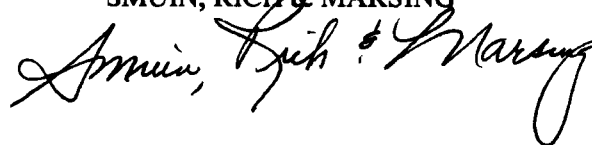
The County will review the internal control procedures that are currently in place for the billing, receipting and transferring of County funds associated with services of the EMS department and make the necessary changes, if any, to assure all services are billed and collected and money collected for these services has been remitted to County properly.

SUMMARY

We feel the accounting procedures and State Compliance issues mentioned above are some areas where the County can make changes so as to further improve its internal control structure to safeguard the assets, check the accuracy and reliability of accounting data and promote operating efficiency.

Sincerely,

SMUIN, RICH & MARSING

A handwritten signature in cursive script, appearing to read "Smuin, Rich & Marsing", written in dark ink.

Price, Utah

July 1, 2005